

Snow and more rain predicted

The weather forecast last night said snow would fall in the hills, while rain would continue throughout the country, accompanied by occasional thunderstorms.

The heaviest rain fell in the vicinity of Ben-Gurion Airport — 50 mm. — and the first damage reports came from there. The damage was caused to export goods — particularly agricultural produce, which were caught in the open.

Farmers, especially those in the south, welcomed the rain in the hope it will help save some of their crops. But the weatherman could not promise rain for two or three more days, explaining it was difficult to make forecasts for more than 24 hours because of the instability of the cold low over our region.

Rainfall along the coastal plain measured some 36 mm., and similar amounts fell in Samaria and the Jerusalem area. In Jerusalem, which was pelted by heavy rain mixed occasionally with some hail, an emergency headquarters was set up by the Municipality and the police, to deal with snow if it should settle.

In low areas, floods were beginning to form. It caused some traffic disruptions in Tel Aviv.

The northern Golan Heights were hit by heavy snowfall, which disrupted traffic and enchanted visitors. The snow's depth ranged from 25 cm in Majdal Shams to one metre at the high points.

(See picture — Page 3)

Half-hour strike in Jerusalem

JERUSALEM POST REPORTER

TEL AVIV. — Work in Jerusalem factories will halt for half an hour this morning as close to 5,000 industrial workers hold a solidarity strike for the 108 employees dismissed by S. Friedman Ltd.

The strike, beginning at 11.30 a.m., was organized by the Jerusalem Labour Council to protest their dismissal at the refrigerator and appliance factory.

David Ayalon, the Labour Council's secretary said yesterday that the Histadrut's Trade Union Department supports the protest. However, the Department did not take up his request that strikes be held throughout the country.

Tel Aviv police round up 250 theft suspects

By ARTHUR KEMELMAN

JERUSALEM POST REPORTER

TEL AVIV. — Tel Aviv Police have detained about 250 suspects in the last three weeks in an operation aimed at stopping the increase in burglaries and robberies that have plagued the city the past year.

Although official figures are unavailable for Tel Aviv, burglaries throughout the country reportedly have increased 31 per cent the past year over 1974.

A police source said the mass roundup was the result of improved intelligence operations. More manpower is being devoted to this field, including persons formerly employed by the Defence Ministry's intelligence unit, he said.

The source said that informers are being exploited more actively than previously, and more plainclothesmen are being stationed in high crime areas in and around the city.

The police hope the roundup will produce information about major involved crimes, such as last month's murders of Lilienblum Street money dealer Mordechai Yamanik and his wife, and the robbery at the Ramat Gan Barclays Discount Bank.

IL85,200m. Budget Rabinowitz: Must cut standard of living till 1978

By ASHER WALLFISH

JERUSALEM POST Knesset Reporter

Israelis will have to cut their living standards and keep on cutting them till 1978 as far as private consumption is concerned.

Finance Minister Yehoshua Rabinowitz stated this yesterday, in introducing the annual State Budget for 1976/77 in the Knesset, in the amount of IL85,200m.

In 1976, the Minister said, private income as well as private consumption per capita are expected to go down by two per cent. Even when this fall stops in 1978 there will be no possibility of resuming the surge in the standard of living to which Israelis were accustomed in the past. A one or two per cent rise per annum will be the maximum.

Forecasting the main trends for the 1976/77 budget year, Rabinowitz said the economy would continue to tick over sluggishly for the third year running and the Gross National Product would rise by around one per cent.

Temporary pockets of unemployment might well occur, until the redundant manpower was absorbed in export industries. Till now, plants whose production fell had not dismissed workers, and as a result concealed unemployment had developed.

The Treasury planned on a nine per cent increase in export of goods and services in real terms, to reach the amount of \$4,450m. Manufactures alone, not counting exports, were expected to rise 15 per cent. Meanwhile, total imports at fixed

prices were due to increase by around one-half of one per cent.

If Israel received U.S. aid in the amount of \$2,300m., as part of a net capital inflow of \$3,650m., the present level of foreign currency reserves could be maintained. But dollar debts would go up by \$1,400m. this year to a high of \$9,000m.

As long as wage restraint were exercised, the Minister said, the price index was not expected to rise in 1976 by more than the 23 per cent increase of 1975. This was because demand would not create much inflationary pressure, while manufacturers and distributors would absorb part of the increase costs.

Rabinowitz said that while the IL85,200m. budget was the biggest ever in nominal terms, it was the first one to give Government departments less funds than its predecessor the year before.

"That is typical of the hard times we are living through, and the load which places an obligation on the public as well as on every individual, to make greater efforts and manage with less. If this rule is our guide, there are good

More on the budget

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'So bad' it should go back to Cabinet

By AARON SETNER

JERUSALEM POST REPORTER

The proposed national budget is "so bad" that it should be returned to the Cabinet.

That startling suggestion came from the Likud's Yehoshua Rabinowitz after Finance Minister Rabinowitz finished his hour-long speech, folded up his papers and marched back to his corner seat at the U-shaped Government table.

"What's the use of talking about economies," asked Bader, "when the outlays shown in the budget show that Government Ministries will spend IL106m. next year? What's more, the number of civil servants will grow by 2.5 per cent and the number of cars, non-military vehicles in the Government service will exceed 10,000, with an aggregate kilometrage of approximately 160 million kms. during the 12-month period!"

According to Dr. Bader, "private consumption will drop next year. But Government spending will rise as the country's economy deteriorates." Chiding Cabinet Ministers for arguing with Mr. Rabinowitz for more money, Dr. Bader offered his remedy for economic recovery: establishment of a national unity government.

"A national unity government will not pull Israel out of its economic

quagmire," Yisrael Kargman (Alignment), declared as he followed Bader to the rostrum.

"No national budget can ever become a popular document," said Kargman, who is chairman of the Knesset Finance Committee. "Indeed, this budget carries a very clear message: that we Israelis must change our way of life. Put simply, we must ensure that the gap between the country's economic situation and the individual Israeli's economic situation must be narrowed in the coming 12 months."

Kargman said 60 per cent of the new budget "cannot be touched." He identified this part as comprising two items — defence expenditures and debt service.

He reminded the House that the defence budget for next year accounts for IL53,000m., or 33 per cent, of the total national budget. "That's more significant," he went on to say, "as the fact that our outlays for security today claim three-quarters out of every pound we collect in taxes. This is unmatched anywhere in the world."

Recalling that the Yom Kippur War cost the nation the equivalent of a whole year's Gross National Product, Kargman called on the Histadrut to get its members to

Brezhnev calls for four-power M-E guarantees

Pledges to push detente, announces peace plan, berates China

MOSCOW. — Soviet leader Leonid Brezhnev yesterday called for Britain and France to join the Soviet Union and the U.S. in guaranteeing Middle East frontiers.

In a five-hour speech opening the 25th Communist Party Congress, Brezhnev pledged "redoubled energy" to push detente forward. But he said there are circles in the U.S. who oppose improved Soviet-American relations, and he renewed

charges that China was striving to undermine detente and set off a new world conflict.

Brezhnev also said the Soviet Union would continue its aid to Angola as a matter of "revolutionary conscience."

He announced the launching of a new "peace programme" aimed at strengthening international cooperation and reducing the risk of war.

Brezhnev, 69, seemed in buoyant mood and showed little sign of tiring while delivering his long address, punctuated by two rest periods, from the rostrum of the Kremlin Palace of Congresses.

His performance was seen as further evidence that he was almost certain to be confirmed as party

leader when the Congress ends next week. He has held the post for over 11 years, since the removal of Nikita Khrushchev in 1964.

Brezhnev said the Middle East remains a dangerous area and that the Soviet Union is "ready to cooperate in all attempts aimed at a real regulation of the conflict."

He said a danger of war in the Middle East will be present as long as Israeli troops occupy Arab territory.

Brezhnev said the Palestinians have been denied a national state and that for a Middle East peace to be lasting, all states must be guaranteed a right to independent existence.

The Soviet Union is prepared "to participate in international guaran-

tees of the security and inviolability of the frontiers of all Middle East countries, either in the UN framework or on some other basis," he said.

"It is our opinion that Britain and France, too, could participate in such guarantees along with the USSR and the U.S. This would only benefit matters," he continued.

In what was seen as criticism of U.S. Secretary of State Henry Kissinger's step-by-step disengagement policy, Brezhnev said: "It is not clear how serious a responsibility is assumed by those who, in pursuance of egoistic aims, are making a Middle East settlement the object of political manoeuvre and use separate partial agreements to delay or even entirely place in question genuine solutions."

A general settlement of the situation was necessary because any other approach "would place the aggressor on a par with his victims," he said.

Brezhnev told the 4,998 delegates and representatives of 103 foreign Communist and left-wing parties that the Soviet Union was fully determined to work for further improvement in relations with the U.S. While a policy of peaceful co-

Atherton defends sale of arms to Saudi Arabia

WASHINGTON. — The Ford Administration has acknowledged to Congress that Saudi Arabia has some 5,000 troops in Syria and as many more in Jordan in support of the common Arab front against Israel.

But Alfred Atherton, Assistant Secretary of State for Near Eastern Affairs, testifying before the House International Relations Committee's subcommittee, denied that Saudi Arabia's American-equipped forces would make a substantial difference in another Arab-Israeli war.

Atherton said he could not "rule out the possibility of some engagement" by Saudi Arabia in a future war but one cannot say it will be absolutely the case," he said. He admitted that "there is, of course, no ultimate guarantee that military equipment we sell to one state will not be transferred to another." But, he testified, "there are serious political and legal restraints and technical limitations."

The latest programme includes construction of naval headquarters at Riyadh and naval facilities at Jidda on the Red Sea and Jubail on the Persian Gulf and cargo handling facilities near Jidda and on the Persian Gulf. When rep. Steven Solari (D-N.Y.) asked if the naval facilities were intended to affect Israeli shipping to Sillat, Atherton said he would provide a response for the record.

The programme also includes military equipment and services to mechanize two Saudi brigades with tanks, armoured personnel carriers, "Dragon" missiles and "Vulcan" guns.



Leonid Brezhnev gestures as he delivers speech to 25th Soviet Communist Party Congress in Moscow yesterday. (AP radiophoto)

ALLON TO KNESSET

End-of-war means ceding not quite all

By DAVID LANDAU

Jerusalem Post Diplomatic Correspondent

A settlement ending the state of war would be a "giant, revolutionary stride towards the desired goal of peace and normalization... it would be one small step away from that goal," Foreign Minister Yigal Allon explained to the Knesset yesterday.

Because end-of-war was something short of full peace, Israel would be prepared to pay less for it in terms of territory, Mr. Allon continued, than it would pay for full peace. He stressed that the Cabinet had not yet discussed how much less — but implied that it would be not much less.

Government sources added later that an end-of-war settlement — approved in principle by the Cabinet on Sunday — was envisaged as "a long-range, interim settlement, a *de facto* peace."

Mr. Allon defended the Cabinet's decision from a sharp attack by the Likud's Shmuel Tamir. After both men had spoken, Tamir's motion was voted to committee by agreement of the coalition and the Likud. Some Mapam members abstained, while Moked, Rakkah and the Independent Socialists urged that the motion be struck off the agenda.

Neither Allon's Knesset speech, nor subsequent clarification by government sources, entirely dispelled, however, the confusion and surprise in political circles at the cabinet's end-of-war decision.

Many observers believe the government is again in danger of falling into a legalistic quagmire, as it did in March 1975, when the "non-belligerency" demand was raised and then watered-down, while the territory offered in return was in the end ceded in full.

This time, as Allon stressed to the House, the Cabinet has carefully avoided discussing territorial specifics "at this preliminary stage." But there has already been discussion, it is understood, on the meaning of end-of-war, and again — as in the spring of 1975 — there has been talk of making do with the "components" if the formal declaration of end-of-war is unattainable.

It will be recalled that, after the interim agreement with Egypt was signed in September, Dr. Kissinger argued that Israel had in fact obtained several important "components of non-belligerency" — as it had desired.

There seemed some uncertainty in Jerusalem yesterday as to the precise differences between the "non-belligerency" of last year (which top legal experts say was anyway

a misnomer) and the "end-of-war" of today. (In the interim agreement, the two sides undertook that the conflict should not be resolved by force of arms.)

One high source explained that end-of-war would include such political tangibles as mutual recognition — though not necessarily recognition of boundaries. However, it would probably not include trade or tourism ties or diplomatic relations.

Allon reassured the House that Washington would not take up its end-of-war initiative with the Arabs until it had reached a clear understanding with Jerusalem on the exact meaning of end-of-war. A high source said later that to achieve this understanding Israeli and American legal men would meet in the near future to examine the concept. Before that, though, the Israeli experts would have to agree among themselves — and bring their definition of end-of-war to the Cabinet for approval.

A high source denied yesterday that Mr. Rabin had taken the end-of-war issue. It had certainly been discussed and approved beforehand by the Rabin-Peres-Allon negotiating trio, the source said. Justice Minister Zadok told *The Post* he had not been "surprised" by Rabin's proposal. It was not clear whether he had actually been consulted. Other government legal experts, at any rate, were not included in the prior consultations.

Mr. Allon denied in the Knesset that the Cabinet's decision had been made under American pressure. High sources explained later that the U.S. had "advised" Israel to agree to an end-of-war probe on all three fronts. When Rabin was in Washington he had agreed on the spot to a probe of Egypt and Syria, but said he needed the Cabinet's approval to be able to empower the U.S. to probe Jordan.

The Cabinet doves regard Sunday's decision as a victory, therefore, in that the Cabinet specifically approved the end-of-war initiative on all three fronts.

Mr. Tamir argued in the House that the Cabinet's decision had undermined "the cornerstone" of Israeli foreign policy since 1967 — insistence on full peace. "What will we have left to give for full peace if we give everything away for end-of-war?" he asked. "This decision will cost us both peace and the territories."

Tamir said he spoke "as one who favours a territorial compromise for peace." Doves as well as hawks, he said, were appalled by the Cabinet's decision.

UN official Guyer here

Robert Guyer, the deputy of UN Secretary-General Kurt Waldheim, arrived in Jerusalem yesterday "to study the possibilities of negotiations with the parties to the Geneva Peace Conference."

Waldheim's assistant, arriving here from Geneva for the first leg of a Middle East tour, will meet with Foreign Minister Yigal Allon and Defence Minister Shimon Peres. From Israel he will proceed to Jordan, Syria and Egypt.

Sisco to head American U.

JERUSALEM POST CORRESPONDENT

WASHINGTON. — President Ford has accepted the resignation of Under Secretary of State Joseph Sisco, effective from March 15, the White House announced yesterday.

Sisco has been named President of American University in Washington D.C., the university announced yesterday.

The university, a private institute of higher education, said its 16-man search committee had voted to appoint Dr. Sisco its new president and that the Under Secretary had accepted the offer. He will take up his new post in July, the university said.

Sisco, one of America's leading Middle East experts, is expected to remain at the State Department until the summer.

He is known to have been anxious to win the American University offer so he could remain in Washington, where his wife is pursuing a separate career, but he had also been in touch with other universities.

In 1974, Sisco accepted a proposal to become president of Hamilton College in Clinton, New York, but later reversed his decision after Kissinger appointed him Under-Secretary of State for political affairs.

New Hampshire voters turn out in force

CONCORD, New Hampshire. — Voters went to the polls in New Hampshire yesterday under near perfect skies that were seen by political observers as a good omen for President Ford in his presidential battle with ultra-conservative Ronald Reagan.

The observers said dedicated Reagan supporters would turn out in any weather, while Ford voters might need the clear skies to lure them to the polling stations.

A total of 420,000 people were registered to vote in this state's primary election of the 1976 campaign — the idea being that the voters choose the man they prefer for their particular party's presidential nomination.

Republican voters had a choice of Ford or Reagan, having to select 21 delegates, pledged to either candidate, for the party's presidential convention in August.

As the voting got under way yesterday, election officials reported queues outside some polling stations here and in the state's largest towns — Manchester, Nashua and Salem.

The first result declared yesterday was announced in the northern hamlet of Dixville Notch soon after midnight. The residents gave Ford 11 votes and Reagan four.

Bazooka fire in North

Several bazooka shells were fired from Lebanon at 10 last night at an army patrol near the border north of Shula. No one was hurt, and fire was returned.

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THE WEATHER

Forecast: Showers all over the country, accompanied occasionally by thunderstorms. Show in the mountains. Weather synopses: Cold low over east Mediterranean causes rain and stormy weather over our region.

Yesterday's High/Low	Today's High/Low	Tomorrow's High/Low
Jerusalem 53/37	54/38	55/39
Golan 57/41	58/42	59/43
Nahariya 57/41	58/42	59/43
Safed 57/41	58/42	59/43
Haifa Port 58/42	59/43	60/44
Tiberias 58/42	59/43	60/44
Nazareth 58/42	59/43	60/44
Afula 58/42	59/43	60/44
Shomron 58/42	59/43	60/44
Tel Aviv 59/43	60/44	61/45
B.G. Airport 59/43	60/44	61/45
Gaza 59/43	60/44	61/45
Beer Sheva 59/43	60/44	61/45
Eilat 59/43	60/44	61/45
Tiran Straits 59/43	60/44	61/45

Social and Personal

President Ephraim Katzir yesterday received Abba Eban, MK.

A delegation of the German-Israeli Friendship League, led by Bundestag member Heinz Westphal, yesterday called on Knesset Speaker Yisrael Yeshayahu.

South African Ambassador Dr. Charles Fincham called Monday on Prime Minister Yitzhak Rabin. Yesterday the Premier received the Ambassador of Belgium, Jacques Eggermont.

Mrs. Frank Church, wife of the senior U.S. Senator from Idaho, yesterday visited Kfar Habad and was presented with a Habad album by women of the community.

A group of leading editors, journalists and writers from Argentina, Chile, Colombia, Costa Rica, Ecuador, Guatemala, Paraguay and Uruguay, were entertained in Jerusalem on Monday evening at the home of the President of the Institute for Israel-Ibero American Cultural Relations and Mrs. Yisrael Tsur.

Railways manager Zvi Tzafir will speak (in Hebrew) on "Problems of the Railways" at the Haifa Rotary Club, Nof Hotel, at 1 p.m. today.

Yitzhak Rogow, managing director of Rogow Communications Programming Ltd., will speak on "Image Making — Fact or Fiction" at the Jerusalem Rotary Club at the YMCA at 1 p.m. today.

The Yiddish Culture Association invites members and guests to an evening of Yiddish poetry and music with Ben Zvi, Toronto, and Bechaya Kogester, Yiddish poet, at 8 p.m. tomorrow, in the auditorium, Ibn Gvirol, corner Abanabel, Jerusalem. (Communicated)

A concert to benefit the Anti-Tuberculosis League will be held today at the Jerusalem Theatre under the patronage of the Minister of Health. Participating will be duos pianists Bracha Eden and Alexander Tamir, and soprano Cilla Grossmayer, with readings by Dan Kaner. (Communicated)

ARRIVALS

Tel Aviv Mayor Shlomo Lihai, after a six-week tour of South America, on behalf of Israel Bonds.

Louis Loechevin, Toronto, leading an 80-member delegation of the Canadian Technion Society.

DEPARTURES

Moshe Dayan, MK, to France, on an Israel Bonds mission.

Lederman holds

tournament lead

By ELIYAHU SHAHAF
Jerusalem Post Chess Correspondent

BEERSHEBA. — The central game in the seventh round of the international chess tournament here will be played today between leader Leon Lederman of Israel, international senior master, and runner-up Vladimir Liberson, Israel's champion.

After six rounds, with all games completed, Lederman leads with 4.5 points, with Liberson second with 4. Bleiman, Radashkovich, Kraidman and Marcovic each have 3.5 points; Damjanovic and Hardstone 3 each; Gilerman, Kagan and Tatal 2 each; and Caermak 1.5.

Kraidman needs four points in the remaining five rounds, for a total of 7.5, in order to gain the title of senior master, having achieved this score once before.

The title is given a player who has achieved this score in two international matches.

German lawyer

may be retried

WIESENADEN, West Germany. — A West German lawyer who was given a seven-month suspended prison sentence on Monday for making anti-Semitic statements, may be tried again, the Hessian Parliament was told yesterday.

State Justice Minister Herbert Guenther said he had ordered the public prosecutor to establish if there are grounds for the state to appeal against the light sentence given Manfred Roeder, 47.

The court only suspended Roeder's sentence because it thought he would make no more anti-Jewish remarks. But immediately after the verdict, he joined a group of black-shirted sympathizers in the courtroom in singing the Nazi song, "Load the Empty Rifles, Shoot the Traitors of the Fatherland, Down with Jewish Tyranny."

Allon leaves on Central American trip today Israel may set up factory for Arava planes in Mexico

By DAVID LANDAU

Jerusalem Post Diplomatic Correspondent

Israel and Mexico are nearing agreement on setting up an aircraft factory in Mexico to produce Israeli "Arava" planes, according to a report from Mexico yesterday. There was no official comment in Jerusalem. The agreement may be initiated, according to the report in Yediot Aharanot, during Foreign Minister Yigal Allon's visit to Mexico next week.

Mr. Allon leaves this morning for a round of official visits to four Central American countries — Mexico, Guatemala, Nicaragua and Costa Rica.

The visit to Guatemala will only last a few hours and will take the form of a condolence call after the recent massive earthquakes there.

En route to Mexico, Mr. Allon will stop off in Paris for a working session with French Foreign Minister Sauvagnargues, and in Miami Beach over the weekend for a speech to an Israel Bonds convention.

The Central American visit is intended to launch a "Year of Latin America," in the words of Jerusalem officials. The Foreign Minister and his aides intend to devote time and energy during 1976

to strengthening ties with Latin America, where some erosion in support for Israel has been noted. If next week's trip goes well, Allon may visit a number of South American countries later in the year.

During his stay in Costa Rica next week, Allon will chair a conference of all Israel's envoys in Latin America and the Caribbean, to plan a diplomatic and informational offensive for the months ahead.

The talks in Mexico will cover other important areas of bilateral interest, according to the "Yediot" report, including El Al's request for landing rights in Mexico City.

El Al has no such rights anywhere in Latin America. It made initial overtures to the Mexicans during the visit, here in December of Mexico's then-Foreign Minister Rabasa. The aviation talks, are not expected to be concluded during Mr. Allon's visit, but some progress is hoped for.

Officials here are reluctant to speak publicly of the "Arava" project, the aviation talks, or other aspects of Israel-Mexico bilateral relations. But they note that the relations are flourishing — despite the political "misunderstandings"

of recent months (which have now been satisfactorily cleared up).

The "misunderstandings" centered on Mexico's vote at the UN General Assembly in favour of the resolution equating Zionism with racism. Mr. Rabasa's subsequent visit here was designed to undo the damage of that vote, and it was agreed that in the future, Mexico would abstain in international forums on anti-Israel votes. Officials here said yesterday that Mexico's voting record since then has been satisfactory from Israel's viewpoint.

Mexico continues, however, to advocate its long-held belief that Israel must withdraw from all the administered areas and take account of Palestinian national aspirations — and these questions will again be taken up by Allon and the new Mexican Foreign Minister, Mr. Garcia Robles.

Mr. Allon will be accompanied by his political adviser Elihu Hassen (who left for Paris yesterday), and by the Foreign Minister's Deputy Director-General Ephraim Evron (who will leave directly for Mexico tomorrow). Evron visited Mexico briefly three weeks ago to help prepare Mr. Allon's trip there.

No engines for Egypt

By WOLF BLITZER

Jerusalem Post Correspondent

WASHINGTON. — The State Department yesterday formally denied that the Administration was considering the sale of J-79 Phantom jet engines to Egypt, as has been widely reported during the past few days.

The Israel Embassy here was earlier officially assured by the Department that the U.S. had no present plans to sell the jet engines also used in Israeli-made Kfir fighter planes, to Egypt. Egypt would like to fit its Soviet-made Mig-21 fighter with the U.S. engine. The Department's denial of the

reports was seen here as being designed to head off what it fears would be a Congressional outcry over the sale. Secretary of State Kissinger has pledged full consultations with Congress before the Administration ends its arms embargo against Egypt, although President Ford has publicly said that the U.S. has an "implied commitment" to sell arms to Egypt.

Department spokesman John Taitner said yesterday that no J-79 engine proposal exists within the Administration, nor is one being considered. He said that Egypt has never come to the U.S. with a "formal shopping list."

Two leading H.U. professors leave

By DAVID LANDAU

Jerusalem Post Reporter

Two of the Hebrew University's best-known political scientists, Prof. Michael Brecher and Shaul Friedlander, have resigned from the university after disputes with the administration.

Friedlander, until recently head of the university's international relations department, has been teaching for several years as a full professor both at Jerusalem and at the University of Geneva, dividing the academic year between them.

Now, however, the Hebrew University administration has refused to renew his contract under these conditions, and he has therefore left the university. He has his home in Jerusalem and is reportedly negotiating with Tel Aviv University with a view to teaching there at least part-time.

Prof. Brecher, who rose to eminence at McGill University in Canada, has been Chaim Weizmann

Professor of Diplomatic History at the Hebrew University since 1970. He too wanted to split his time between Jerusalem and Canada, and when the Hebrew University refused he too resigned.

Brecher is the author of "Israel's Foreign Policy," a two-volume work considered by scholars the authoritative book in the field.

Friedlander, who made his name with works on the Vatican's role during the Holocaust, has often undertaken "information" missions abroad on behalf of the Foreign Ministry. He has also attended academic colloquiums on the Middle East and engaged Palestinian intellectuals in lively debate.

University spokesman Richard Osterman confirmed yesterday that neither professor would be teaching at the university next year. He said the university did not wish to discuss the reasons for this. The professors themselves are at present out of the country.

Haifa and Ramat Gan raise rates over 60%

By YAAQOV ARDON

Jerusalem Post Reporter

HAIFA. — Residents of Haifa will pay 70 per cent more in municipal rates in the fiscal year beginning April 1. The increase was approved yesterday by the city council, with only Mapam Councillor Shmuel Roth abstaining. (Ramat Gan also decided yesterday to put up rates.)

The Haifa City Council (Likud) foresaw another increase during the coming year. He demanded a basic reform of the municipal tax system by the Knesset, claiming that Haifa

should take the lead in pressing for it.

Avraham Danino (Labour) thanked the Council for taking the lead three years ago in legislating relief in the municipal rates for large families with four or more children. He pointed out that another 12 towns have adopted similar by-laws.

The Ramat Gan Municipality yesterday decided on a rise of 66 per cent in rates for private residences and 80 per cent for businesses. The tax will be assessed according to the floor area of the unit.

Cancer specialist and wife on tax charges

Witnesses told the Jerusalem District Court yesterday that cancer specialist Avraham Hochman, who is appearing with his wife on charges of tax evasion, had demanded cash payments without giving receipts.

Professor Hochman, head of the Hadassah Medical Center's Oncology Department, and his wife Shoshana were indicted last August on allegations of having failed to declare income of IL110,000. The sum, the prosecution claimed, had been paid by cancer patients and their families who Hochman had persuaded to take private treatment at his home. The accused denied the charges.

Judge Elihu Noam yesterday heard testimony of the first six of the 65 witnesses due to be called. Menahem Even, whose wife died of cancer in 1972, told the court that he paid Hochman some IL8,000 for

her private treatment. He said that whenever he tried to consult with Hochman on his wife's condition, the specialist refused to speak to him until he had submitted a cash sum to Mrs. Hochman in an envelope.

Another witness, Elimelech Miller, testified that he had had to deposit with the doctor before he would agree to meet him. Later the sum rose to IL150, Miller said.

One of the six called to the stand yesterday, an income tax investigator, told the court that Hochman had made a statement denying that he had ever taken the alleged sums from his patients. Hochman, he added, insisted in his statement that anyone requesting a receipt had been given one, and that any money paid for private medical treatment was duly registered. The trial continues today. (Tim)

Histadrut urges Egged not to fire hired men

By YITZHAK OKED

Jerusalem Post Reporter

TEL AVIV. — The trade union department of the Histadrut urged Egged yesterday not to carry out its plan to fire 450 hired workers. The Histadrut said Egged that it wanted to fire any workers, it must do so through the proper Histadrut channels of the local labor councils and workers' committees.

The workers committee told The Jerusalem Post that the Egged management is "trying to use the hired workers as 'hostages' so that the Histadrut will allow the peaceloning off of several hundred co-

operative members, who have been working for at least 25 years.

Itm reported yesterday that the Tel Aviv District Court ordered the Labour Party to pay its debts — totalling over IL300,000 — to Egged.

Egged told the court that it held 19 notes totalling IL4,000 and debts of IL198,000 for transport services made to the Labour Party, plus interest charges of over IL100,000. The debts were supposed to be paid by early 1971.

Since the party did not ask to present a defence, the court ruled in Egged's favour.



Making the best of yesterday's inclement weather: slogging through puddles on the way home from work, and enjoying the Hermon snow. (Photos by Lester Millman, above, and IPPA)



Meshel warns of unrest on subsidies

By JOSHUA BRILLIANT

Jerusalem Post Reporter

TEL AVIV. — Histadrut secretary-general Yerubham Meshel strongly criticized parts of the Government budget yesterday, and warned of social unrest when cuts in subsidies and social services hit the public.

The IL3 billion reduction in allocation to subsidies (compared with last year) meant that prices of basic commodities would increase by close to 50 per cent. A cut in the development budget would cause serious unemployment in construction, said Meshel, and a reduction in allocation to social services would also cause hardship.

Last October, following a devaluation and higher taxes, workers throughout the country held strikes and demonstrations protesting against the Histadrut's "failure" to protect them.

Alignment members of the Histadrut central committee said yesterday that they feared the government will try to gloss over their protests against the budget. Meshel is now trying to fight his battle within the Alignment, a well-informed source said yesterday.

Meshel, and Gideon Ben-Israel, of the Histadrut Central Committee, have requested an urgent meeting of the Labour Party's procedures committee as a step towards convening the resolutions committee. (The resolutions committee comprises seven cabinet ministers, seven central committee members and seven other important members, such as the chairman of the Knesset finance committee.)

Ben-Israel said the struggle was being carried to the party because the budget did not concern the Histadrut only but the country as a whole. He warned, however, that if Finance Minister Yehoshua Rabinowitz refuses to discuss the matter there, "the Histadrut will seek other venues for its struggle."

The president of the Manufacturers Association, Avraham Shavit, said yesterday that the proposed budget meant a year's postponement in government measures to improve the economy.

He told The Jerusalem Post that the cut in public spending was not big enough.

He also expected the deficit to be greater than the IL2.7b. the Treasury predicted. "It's hard to understand how they expected a IL2.7b. deficit when the budget was to total IL82.84b. and the same deficit when the budget — as it stands now — totals IL85.2b."

Lotto winners

TEL AVIV. — The winning six numbers in the Lotto draw are: 09, 15, 19, 20, 23, and 28. The

A SPECIAL UNIT to treat victims of spinal injury is being built at the Sheba Medical Centre, Tel Hashomer. The project should be completed next year and will replace the temporary facilities now in use.

What some experts say

Budget is IL9 billion bigger than it looks

By GIDION ESHEIT

Jerusalem Post Economic Reporter

The Government Budget presented to the Knesset as IL8.5 billion is in fact one of IL9.4b, economic experts in Jerusalem said yesterday.

They pointed to two additions disguised in the budget: an item called "future commitments" which totals IL5b, which may or may not be spent in 1976; and expenditures of IL4b, which will be spent if additional revenue in that amount is obtained.

Abraham Melamed, MK (NRP), is going to move that IL4b be struck from the budget, as he feels this money will be injected into the economy by the Government. He will suggest that this sum be transferred to "special budget" expenditures, each of which needs prior approval from the Knesset Finance Committee.

Melamed told The Jerusalem Post the NRP is likely to make this a condition for voting for the budget in the Knesset.

"A wasted year" was the term used by a senior economist in the public sector after reviewing the National Budget. The maximum gain to the balance-of-payment deficit will be \$150m, "which is peanuts for a country with a deficit of \$3.7b." Referring to Melamed's comments, he said the reduction of IL4b would produce an additional \$500m in the deficit.

The real increase in the productivity of exports forecast for the coming year is only two per cent, not the seven to nine per cent claimed by the Finance Minister, according to the same senior economist. This increase, he said, will hardly compensate for the two per cent decline in export productivity during the second half of the current fiscal year.

Other points made by experts:

- Industry will continue to under-exploit its means of production, with output being some 15 per cent lower than the existing machines can produce.

- The 32 per cent estimate of price rises is based on the assumption that profits will not increase during the year. Should they increase — as appears likely — the rise will be even greater.

- The decline in the balance-of-payment deficit is based on an assumption that the U.S. will grant Israel \$500m. for the transition period as it changes its fiscal year start from July to October. Another assumption is that it will permit Israel to get \$150m. of the military aid in cash, rather than goods. Neither assumption is likely to materialize in full — causing the deficit's reduction to be smaller than estimated.

- One of the budget items calls for IL200,000 to be spent on work at the President's residence to reduce the noise from the air conditioning system. The State Ombudsman said this should be done after neighbours complained about the noise.

Rabinowitz speech

(Continued from page one)

prospects of emerging from our straits," the Minister said.

This year the defence budget would run to IL33,000m. — the equivalent of 35 per cent of the GNP. The U.S., he commented, gave defence some seven to eight per cent of its GNP and European powers three to four per cent.

Rabinowitz said that in 1975 the Treasury had brought about an improvement in two crucial economic areas: stopping the drain on foreign currency reserves, and putting the brake on inflationary pressures.

The Minister recalled that in 1974 the rapid rise in private consumption had been halted, and in 1975 it had been cut by five per cent. After prices rose in 1974 by 56.2 per cent they rose in 1975 by only 23.5 per cent.

Although wages decreased in 1975 in real terms by two per cent, this was more than offset by the Ben-Shahar reforms which cut taxes, and so real wages rose in the final analysis by about one per cent.

Last year, the Minister said, jobs were still chasing people, and the economy was in a state of over-employment. The unemployed constituted 3.2 per cent of the labour force, instead of the 4-4.5 per cent in a balanced employment situation.

The Treasury's economic curbs only influenced part of the country's imports, he said; the part not including direct security imports and overseas interest payments. However, the curbs caused a cut of six per cent, mostly in consumption goods. Exports went up only three per cent in real terms.

During the coming year, the Minister said, his policy aimed to promote exports and reduce public as well as private consumption. He hoped to shift manpower from services into industry, especially exports, while increasing productivity and rendering services more efficient. All this while, the lot of the disadvantaged sectors would be further ameliorated, he promised.

The accented would be put on encouraging exporters, Rabinowitz said. Their rebates on Value Added Tax, when it was imposed, would make it even more profitable for them to sell abroad. New regulations would also make it more profitable to invest in export industries.

The Minister called on the Histadrut to carry on an existing wage restraint policy. The 1976/77 Budget was based on a wage freeze in the services and banking, while

preference would go to wages in the export sectors as a means of attracting manpower over from services. Some 1,500 Civil Service posts would be eliminated in 1976, which would compel departments to become more efficient.

The budget for subsidies would be half of the 1975 amount, in real terms. The past had seen exaggeration and waste in regard to subsidies, he said. A comparison between Israel and 15 other countries showed that eggs here were 30 per cent cheaper, milk and dairy products were 40 per cent cheaper, oil was 50 per cent cheaper and bread 70 per cent cheaper.

The policy from now on would be to make the public pay for staples as near the real price as possible.

The gap in the balance of payments obliged Israel to seek large scale assistance from its foreign friends: world Jewry and the U.S. Government, Rabinowitz said. Even though world Jewry gave more, its share of the total capital inflow shrank from two-thirds to one-third, simply because Israel's needs had swelled. It was now asking world Jewry to widen the circle of donors and to find new channels for mobilizing capital.

In recent years the U.S. had added massive security aid to the assistance it gave earlier for civilian requirements, and to the political support it extended Israel ever since the state was established.

Israel was grateful to the U.S. for its generous help since the Yom Kippur War, he said, "as one of the manifestations of the traditional friendship between our two peoples."

"Israel's request for large-scale aid from the United States Government is morally justified only if we can prove that we are doing all in our power at home to reduce the deficit, as well as to cut our dependence on the U.S. economy," the Minister said.

At the end of the Minister's address, but before the six-hour debate began, the House voted authority to the Finance Committee to commence its consideration of the 1976/77 Budget, and prepare it for the second and third readings, even before the first reading was completed (which will probably be next week).

The House and most of the Cabinet table were full for the Budget survey. Each MK had a huge stack of Budget material on his desk. State Controller Dr. Yitzhak Nebenzahl and Bank of Israel Governor Moshe Sanbar looked on from the VIP gallery.

Budget debate

(Continued from page one)

work harder and boost their productivity with the objective of narrowing the country's critical trade deficit.

Though belonging to a party that is a member in the government coalition, Avraham Melamed (NRP) assailed the Government for "presenting a budget which contradicts the Government's own stated economic policy."

He was especially critical of the built-in IL2,760m. deficit which, he said, "will surely end up at least twice as much." Melamed also scored the Treasury for basing its expenditure forecasts on a predicted rise in prices of 20 per cent during next year when the Bank of Israel reportedly forecasts a 32 per cent hike in prices.

The NRP Member also called for shaving off IL4,000m. from the expenditures budgets of the various government ministries, and putting this money into an emergency fund to be used in event of mass unemployment.

For Aharon Efrat (Alignment-Mapam), "the main weakness of this budget is the crushing blow it lands on development schemes for industry, agriculture, and services." He said the Treasury should have found ways of raising the additional IL2,500m. needed to enable the government to continue these development schemes.

Efrat also blasted the Government — which includes his own

party — for "buckling under to capitalist pressure" and postponing implementation of income tax reform as it applies to capital funds. He regretted the resignation of Income Tax Commissioner Yitzhak Mami who, he said, was the victim of this pressure.

Yitzhak Golan (ILP) warned that with increasing aid from the U.S. our dependence on that country would grow; he also said that we should not fool ourselves into believing that such aid would continue indefinitely.

He said that with the recent strengthening of the U.S. dollar Israel should tie its currency to a "basket" of other currencies, so that further dollar rises would not neutralize our recurrent devaluations.

Adi Amoral (Alignment) said that in view of the fact that Israel spends more than most countries on health services there was room for temporary economies in that field.

Similar criticism of the debate to lash out at Rabinowitz for "squandering more than \$100m. a month."

According to Efrat, the Treasury's foreign currency reserves in June 1974, when Rabinowitz took office, stood at \$2,500m. "Today," he said, not a penny of those funds is left, and the meagre foreign currency reserves available to the Treasury today are not its own money.

Bureau for phone inquiries in Capital

The Communications Ministry yesterday opened a central bureau for telephone inquiries in Jerusalem, in which all the representatives of the various departments will be available under one roof.

This, the Ministry feels, will enable more than 80 per cent of inquiries to be dealt with "on the spot."

The bureau is located at 43 Rehov Nekhtas, and is open Sunday through Thursday. The telephone number is 536311.

הכאן

C-o-S opposes U.S. arms for Arabs Gur warns Lebanon may be added front

Lebanon may become a confrontation state, but Israel Defense Forces are organized with plans for actions which could push her in that direction, Rav-Aluf Mordechai Gur, the Chief of Staff, said yesterday.

One of the biggest dangers to Israel is the possible formation of a "banana front," including Lebanon, Syria and Jordan, and perhaps even Saudi Arabia, R/A Gur said at the Jerusalem Press Club. Saudi Arabia, he pointed out, already has troops stationed in Jordan, and had sent units to take part in the Yom Kippur War.

Another source of danger is the arming of the Arab states with Soviet, European and American weapons. "I am categorically opposed to American arms for the Arab states." Such armament, being the most sophisticated there is, would improve the Arabs' military technology, and this would make any war which might occur more difficult for Israel to fight. "Because of the variety of possible

developments, the Israel Defense Forces are organized with plans for actions which could push her in that direction, Rav-Aluf Mordechai Gur, the Chief of Staff, said yesterday.

Answering a question on the West Bank, Gur said from a purely military viewpoint Judea and Samaria were of primary importance — "but the issue has political aspects too."

Gur said Aluf (res.) Ariel Sharon recently took part in military games as an Arab general commanding a simulated attack on the northern and eastern fronts, against Aluf Rafael Eytan and Aluf Yona Efrat, commanders of the Northern and Central Commands, respectively. Asked who "won" this battle, Gur replied with a smile: "Had I wanted Ariel Sharon to win, I would have placed him on our side..." (Itim)



IDF soldiers tried to protect themselves from the drenching rain yesterday as they put up a roadblock on the Jerusalem-Bethlehem road after shots were heard from a passing car. The roadblock clogged up traffic on the road for more than an hour. (Rahamim Israeli)

Cubans have left Syria

Jerusalem Post Knesset Reporter
Defense Minister Shimon Peres said in the Knesset yesterday that some time after the Yom Kippur War Cuba sent soldiers to Syria to man a tank brigade. This was stationed on the Golan Heights front for about a year and a half and returned home about six months ago.

Mr. Peres was answering a question put by Shoshana Arbel-Almolin (Alignment) on December 23. In reply to a question by Yehuda Yadin (Alignment), Mr. Peres said that the army is not considering setting up special units geared to absorb "problem youths" with a view to turning them into useful soldiers by the use of special edu-

cational and psychological methods. Hillel Seidel (ILP) asked the Defense Minister whether cases of drug addiction had been discovered among soldiers in battle units and what educational measures the Army was taking to warn soldiers of this danger.

Mr. Peres replied that "a small number" of cases were indeed discovered of soldiers who had been drug users even before their enlistment. Legal steps were being taken against these men, and they were also receiving medical treatment.

There were standing orders not to entrust weapons into the hands of soldiers using drugs, he said.

'Quality of life' event will be all in English

By LIA LEVAVI
Jerusalem Post Reporter
TEL AVIV. — More than 250 English-speaking people from all parts of Israel have already registered for the conference on the "Quality of Life" to be held at the Tel (Sharon) Hotel in Tel Aviv next week. Aluf (Res.) Haim Laskov will deliver the keynote address on Monday evening, in the presence of Mayor Shlomo Lahat.

Tuesday morning, following registration at 8 a.m. will be devoted to our workshops: road courtesy and safety, manners and ethics, consumer problems, and environment. Walter Eytan, chairman of the Broadcasting Authority, will address participants and cooperating organizations will provide information on their fields.

"But we don't want more speeches, we want action," explained Herzl Katz, a lawyer from South Africa who initiated the English conference. There are many English-speaking olim with good will and something

to contribute, but they tend to be left out because of the language problem... We do not want to continue the separation of English-speaking immigrants, we want them to be part of the country. We want them to take English-speaking immigrants into consideration, giving them opportunities to join in their work.

"We hope every participant will leave the conference with something definite to do." Organizations cooperating in the conference range from the civil guard to consumer groups.

"We call ourselves 'Koch' (Kahol) (Power Here)," said Mr. Katz. "Because we think the English-speaking population is an untapped resource in this country for improving things. But we don't intend to start a new organization. I would say we are a new impetus."

Those interested in further information may call Mrs. Rubin, mornings, at 08-481419.

Arab student leader held in Temple Mount rioting

Nasser Sanallah, 28, executive member of the Arab Student Union at the Hebrew University, was re-arrested in custody for five days by the Jerusalem Magistrate's Court Sunday. He is suspected of having taken

part in unlawful demonstrations on the Temple Mount on Friday, in protest against Jewish prayers at the site.

Sanallah was one of the leaders in the recent protests by Arab students against doing guard duty on campus. (Itim)



Bethlehem Mayor Elias Freij, hosting a group of district attorneys from the U.S. yesterday, points out landmarks of his town. Robert Leonard, a district attorney from Flint, Michigan, (left), and Anita Connick, city attorney of New Orleans, Louisiana, (second from right), are among those on the week-long tour. (Barzilai)

Bridge tip No. 3 / by George Levinrew

Beware of players bearing gifts

JAMES JACOBY, one of the original Dallas Aces, World Champion in 1970 and 1971, bridge wrangler and son of the famous Oswald Jacoby, submits this tip: "When a good opponent seemingly gives you a present — stay alert! Watch for a trap! Beware of bridge players bearing gifts!" Here is a deal from a top level U.S. tournament demonstrating this theme:

North
♠ K 2
♥ Q 7 3
♦ J 10 2
♣ K Q 4 2

East (D)
♠ J 10 7 5 4
♥ A 4
♦ A K Q 9
♣ A 5

The bidding:
East South West North
Pass 1♠ Pass 1♥
Double 2NT Pass 2NT
All Pass
THE OPENING lead was the spade three, and dealer counted. He had eight tricks on top, two spades, three hearts, and three clubs. If the clubs should split 3-2 he would win four club tricks and make his contract. But the experienced bridge player is always suspicious of what looks too easy. However, the first step was to win the top club, if this instance the king and queen. This line of play would enable declarer to make a finesse should East hold four to the jack. But West held this control and there could not be a finesse.
THE ONLY OTHER possibility was a squeeze in hearts and clubs. So now came the gift of a

diamond which East won. Had East then played a spade there would not be a squeeze. But that diamond suit was so appealing and four diamond tricks were quickly won. Where could West find two safe discards? He dared not let go a club or a heart so he got rid of two spades. East then led a heart which South won with the ace. He now played the spade ace and west was inexorably squeezed, allowing declarer to make his ninth trick in the suit which West discarded on the spade.

Readers who are competing in The Jerusalem Post Bridge Competition are requested to vote on today's tip, which is the third of 11 to be allowed entry into the East eight tips, on a scale of 0-50 (twenty being the highest), and send their vote to The Jerusalem Post Bridge Column, P.O.B. 8548, Jerusalem.

The West Bank Industrial products consist mainly of detergents, plastics, and souvenirs. (Reuters)

Kinneret level has 'never been so low'

By YA'ACOV ARDON
Jerusalem Post Reporter

HAIFA. — The level of Lake Kinneret has never been so low at this time of the year in the 30 years in which regular measurements have been made. It is 211 metres below sea level instead of the normal 206 and another year of poor rainfall will put the country into a critical situation, Mekorot spokesman Mordechai Jacobowitz warned yesterday.

The difference of two metres in the level of the lake was equivalent to a deficit of 330m. cubic metres in what was the main water reservoir of the country. Mekorot pumped about 400m. cubic metres from the lake annually, Mr. Jacobowitz told the press.

Because of the deficit Mekorot had reduced the pumping to 250m. cubic metres to prevent the level from falling still further. "We are making up the difference by drawing water from other sources, mainly ground water. Up to yesterday morning this winter's rain-

fall amounted to 50 to 60 per cent of the normal annual average. "March could be a rainy month, but it is unlikely that even plentiful rains from now to the end of the season will raise the Kinneret level by two metres."

Mr. Jacobowitz said that the best way of "stretching the water supply is by stopping the waste. About 10 to 15 per cent of our water consumption is wasted, and that goes for all categories of consumers. "All our artificial storage basins have remained almost empty this year, and the company has ordered them to be filled up from ground water resources. The rate of consumption in the height of the summer goes up to four million cubic metres a day... That we have been able to meet this demand illustrates the efficiency of our supply system, which has saved crops on tens of thousands of dunams."

"But we shall have to develop further sources, like recycling waste water, catching run-off winter

streams in storage projects, using saline water where this is possible, and expanding the successful practice of cloud-seeding, which gives a net annual "income" of 60m. cubic metres of high quality water at a very reasonable cost. We try to bring the rain down over the Kinneret catchment area so that it flows into the lake and is stored there."

The Mekorot spokesman said that the farm sector owed the company "tens of millions" for water and was lagging in payments. "Up to now we have been fairly patient. But the law requires us to collect these debts, and we are now considering steps to do so."

He noted that to some consumers, mainly in agriculture, the price charged was below Mekorot's own costs. Desalination by nuclear power plants "is still a far way off," but Mekorot would go ahead with smaller conventional desalination plants, like that at Eilat which supplied completely salt-free water at IL50 a cubic metre.

'Mutiny on the Niuta' trial begins

By YA'ACOV FRIEDLER
Jerusalem Post Reporter

HAIFA. — The "mutiny on the Niuta" trial opened in the seamen's disciplinary court here yesterday. Five of the crew of the tanker-grain carrier — the bosun and four deckhands — are charged with 12 serious violations of discipline on board the ship in Pasaqula Harbour, on the Mississippi, last December.

They are charged with striking illegally, refusing sailing orders, illegally detaining the officers and American supervisors by refusing to let down the gangway, threats against the officers and refusing to clean holds. One of the men is alleged to have slept while on guard duty.

The first witness, the ship's master, Captain Haim Harari, said the strike was called illegally on December 3 over a claim for overtime payments. While not informing the officers they were striking, the accused told the superintendent of the ship company at whose quay the ship was tied to load grain. When asked to make an official declaration, they went "wild" shouting and

throwing bread about.

The supervisors tried to leave the ship, but were unable to go so because the men refused to lower the gangway. The ship owners then asked the captain either to start loading or to vacate the privately-owned quay.

Captain Harari said he asked the bosun if he would agree to the officers operating the ship and undertake not to use force against them. The answer had been: "Iv it and see," and "you'll be dealt with like a strike breaker."

In order to prevent bloodshed between his officers and the men, he had refrained from moving the ship. The ship owners had then warned that they would call in the Coast Guard to take over the ship's command and move her.

The reaction of the bosun, Rafal Zabak, had been "We'll deal with them too."

When the ship finally sailed, one of the accused received an order from the Mississippi River pilot to steer 10 degrees to port. Instead, he steered 10 degrees to starboard, endangering the ship.

The captain, in reply to a ques-

tion by prosecutor Yosef Meshulam of the Transport Ministry, said that the behaviour of the men had indeed caused a dispute with a foreign government — the U.S. authorities, as defined by the Shipping Law, under which the men are standing trial.

In his cross-examination, defence counsel Baruch Schiffman, tried to show that the captain had in fact served mainly on shore since 1966, and was therefore not sufficiently experienced at sea. At one point he asked the court to invalidate the official ship's log, on which the case is based, on the grounds that the captain had not observed the law by failing to inform the men when an official complaint against them had been registered in the log. The court postponed its decision on this.

The court sat in the Walter Dalmann Seamen's House, and the hall was filled with officers and men of the Merchant Navy, who clogged the air with cigarette and pipe smoke and occasionally took a hand in the proceedings with heckling and laughter.

The hearing continues today.

'Insulted the ship's command' Bosun loses appeal

By YA'ACOV FRIEDLER
Jerusalem Post Reporter

HAIFA. — The seamen's disciplinary court last night dismissed the appeal of Bosun Eli Kanf of the Zim container ship Lila against his conviction and sentence on charges of having insulted the ship's command. The ship has been held up with an export cargo in Ashdod harbour since the incident took place eight days ago.

In response to the verdict, the ratings leaders called their men off the Lila.

Kanf, 38, who has 15 years at sea has had not a single offence or complaint against him was sentenced on Tuesday to 14 weeks' suspension from work and two months from his ship, having said the ship's Command is poor, the first officer is a plot and the second officer is a "dog" when he was called before the court for a hearing

of a complaint against him by the second officer.

The court dismissed his appeal with a majority vote of two-to-one and confirmed the punishment meted out to him on the grounds that the bosun was a petty officer who must be an example to the ratings.

The ruling was received with great anger by the ratings and their leaders who attended the hearing. The Ratings Union secretaries immediately convened in the bar of the Dalmann Seamen's House, where the court sat, and decided to order all the ratings on the Lila to stay off the ship. No Israeli rating will replace them, and the union will not permit any foreigners to take their place or move her export cargo to another ship.

The Officers Union, in reply to the ratings, called on the Government, the Histadrut and the Zim Company to ensure that the Lila sails.

Jorda to allow manufactures from West Bank

AMMAN. The Jordanian authorities issue new instructions yesterday easing the ban on the entry of industrial products from the West Bank to Jordan.

A government spokesman said the instructions were designed to encourage the marketing of West Bank products in Jordan. Measures will be taken to make sure that Israeli products and raw materials do not enter Jordan, he added.

Stories wishing to market their products in the East Bank should be licensed by the Jordanian Ministry of Industry and Commerce in accordance with laws and regulations in force in Amman.

Such factories are permitted to export the necessary raw materials to the West Bank or through Jordan. Up to 75 per cent of the factories' products today's tip, which is the third of 11 to be allowed entry into the East eight tips, on a scale of 0-50 (twenty being the highest), and send their vote to The Jerusalem Post Bridge Column, P.O.B. 8548, Jerusalem.

Lunz worried over friends in USSR

By SARAH HONIG
Jerusalem Post Reporter

TEL AVIV. — Noted aliyah activist Alexander Lunz said yesterday that the only thing to mar his arrival in Israel "is the very deep sadness of leaving one's friends in very difficult situations back in the U.S.S.R."

Prof. Lunz, who for the time being is staying at the Mevasseret Zion absorption centre, arrived late Monday night in a group of some 100 Soviet immigrants. This was one of the largest groups to have reached Israel from the U.S.S.R. in recent months, and it included many well-known activists.

Prof. Lunz told The Jerusalem Post that he was very anxious about the many friends he left behind, who are either in prison or exile, or are still being refused the exit permit for which they have struggled for many years. Apart from this reservation, he said he and his family are "extremely happy finally to be here. All that we have seen up to now is beautiful."

Upon his arrival at Ben-Gurion Airport, Prof. Lunz was quoted by Itim as saying that the Jews in the U.S.S.R. had very little information about the recently-concluded international Brussels Conference for Soviet Jewry. They knew it took place, however.

He doubted that the conference itself could do much to alter the Soviet government's attitude to the emigration of Jews, but did think the conference would influence public opinion in the free world. This could result in greater pressure on the Soviet authorities and would turn impel them to grant more permits.

TEL AVIV. — Prisoner of Zion Lev Rotburd has entered hospital in the Soviet labour camp where he is being held for treatment of back trouble which developed when he was put on the most difficult work quota in camp.

Rotburd is believed to be suffering from a slipped disc. For the last few months he has been complaining of severe pains, but despite his protests, he was sent out to do the most difficult physical jobs which the camp warden could find.

Rotburd was jailed for two years on a charge of resisting arrest at the Odessa Airport last summer. At the time he was about to board a plane bound for Moscow to meet with a delegation of U.S. senators touring the U.S.S.R. He was not tried in a courtroom but in front of a hostile jeering crowd at the airport employees' club.

It is also reported that a group of five Kiev Jews began a hunger strike yesterday to coincide with the opening of the Soviet Communist Party conference in Moscow. Among them were Vladimir Klatik, Saul Raslin and Jan Monastirskii.

New chemistry labs at Haifa technical school

Jerusalem Post Reporter

HAIFA. — The Technion's Bosmat Junior Technical College has inaugurated its new IL800,000 chemistry laboratories, the most advanced in any Israeli vocational school.

Heads of the college told a press conference this week that enrolment now totals 2,100, including 500 girls, 70 new immigrants and over 200 pupils from poor families — all of whom sit for their matriculation (bagrut) examination in addition to qualifying as technicians or senior technicians after five or six years. They said the school, which has an unusually low 8 per cent dropout rate, is now making a special effort to enrol girls.

Haifa area to get heart-attack ambulance

Jerusalem Post Reporter

HAIFA. — An intensive coronary-care ambulance will be put in service by Magen David Adom in this area next month, MDA director Efraim Gershon announced this week. The ambulance was given by Benjamin and Mary Siegel of Washington, D.C. in memory of Mrs. Siegel's father, Joseph Katz.

With full instrumentation, investment in the ambulance — which carries a staff of three — will be IL750,000. An unsolved problem is the operating budget: local MDA chairman Moshe Roife said that he had appealed to the Health Ministry, the municipality and the various sick funds for their help.

THE AIR FORCE will open a branch of its technical school (which accepts students who completed two years of high school) in Beersheba; but the branch will not have dormitory facilities, it was announced.

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Builders want more pay and shorter hours

By JOSHUA BRILLIANT
Jerusalem Post Reporter

TEL AVIV. — The Labour-dominated Building Workers' Union called at its convention yesterday for a reduction in working hours and an increase in pay.

The convention, which ended yesterday, instructed the union to strive for a 45-hour week instead of the present 47. It also urged that the system of a shorter working day in summer should be continued.

These demands contradict the principles in the recent agreements between the coordinating bureau of Economic Organizations and the Histadrut, designed to raise productivity. The labour federation, responding to a demand by the private employers, has stated that it accepts the need to abolish the shorter summer hours.

The convention, however, rejected proposals for a five-day week. The union's Secretary, Mordechai Amster, warned that contractors might exploit such a decision to cut pay. As workers were paid by the day, contractors might want to pay for five days only.

To overcome the slump in the industry, the convention demanded a thaw in the building freeze, an increase in private and public construction starts, and a reduction in the tax on raw materials for homes for the poor so as to reduce their prices.

The convention also demanded that only companies employing organized labour be given contracts.

BREZHNEV

(Continued from page one)
existence is the key element of the Soviet Union's policy toward the West. Brezhnev said, Soviet-American relations were "complicated by a number of serious factors."

He said "influential forces in the U.S. that have no stake either in improving relations with the Soviet Union or in international détente as a whole, are trying to impair it."

Brezhnev said those American circles "portray in a distorted light the policy of the Soviet Union, referring to an invented so-called Soviet menace and appealing for a new round of the arms race in the U.S. and NATO."

While the Soviet Union would continue to oppose such action, Brezhnev said, "the Soviet Union is firmly determined to follow the line of further improving Soviet-American relations."

Brezhnev proposed an international treaty banning the use of force to solve disputes.

Brezhnev's sharpest words were for China, which he accused of trying to provoke a world war, of hostility toward the Soviet Union and other socialist states and of a policy that "merges directly with the position of the world's most extreme reaction."

"Peking's frantic attempts to torpedo détente to obstruct disarmament, to breed suspicion and hostility between states, its efforts to provoke a world war and reap whatever advantages may accrue, present a great danger for all peace-loving people," Brezhnev declared.

"Now it is far too little to say that Maoist ideology and policy are incompatible with Marxist-Leninist teaching. They are directly hostile to it... We shall continue the struggle against Maoism, a principled and irreconcilable struggle," he said.

In his speech, Brezhnev hinted that the Kremlin felt the time had come for China under its present leadership to be formally expelled from the world Communist movement — a move which would certainly be opposed by many other parties. He expressed support for the idea of convening a new world conference of Communist parties. Observers presumed that moves against China could be pursued at such a gathering.

Turning to Angola, Brezhnev said the Soviet Union "has given and will be giving support to people who are struggling for their independence."

"We act as our revolutionary conscience tells us, our Communist convictions."

He said as soon as Angola was born "this progressive state became an object of foreign intervention." Brezhnev blamed imperialists and "South African racists which have always been virulent enemies of independent Africa."

(AP, UPI, Reuters)

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Former President Richard Nixon shakes hands with Chairman Mao Tse-tung in Peking Monday during what a Chinese government spokesman said was a "friendly conversation on a wide range of subjects." The meeting, at the home of the 82-year-old leader, lasted an hour and 40 minutes. (AP Wirephoto)

Nixon on hand-shaking spree in Peking square

PEKING. — Ex-President Richard Nixon yesterday plunged into Chinese crowds, shaking hands with workers, patting babies' cheeks and inviting one and all to come visit him in the United States.

In scenes reminiscent of his days on the White House campaign trail, the man who resigned over the Watergate scandal spent 10 minutes wandering through blue-clad Chinese in Peking's Tian An Mien square.

The scene in the vast square outside the "Forbidden City" was a remarkable one for Peking, where visiting foreigners seldom get to meet ordinary citizens in spontaneous groups. The smiling crowd appeared unprepared as it pushed close to the former president, offering hands in welcome.

Observers could recall no other Western visitor who had attempted such a gesture and it seemed to take the Chinese by surprise. At first the crowd melted away and not until he clearly indicated he wanted to shake hands did they relax and mill amiably around the beaming ex-president.

Many of the Chinese with whom he shook hands wished Nixon good health. He appeared vigorous, apparently revived by a once familiar sight grown recently scarce — a friendly crowd.

Later Nixon, on his third full day here, had a third session of talks with China's new Acting Premier Hua Kuo-feng. No details were released.

Nixon, on a so-called private visit, has now had about eight hours of talks with Hua and Chairman Mao Tse-tung. This is far more than most state leaders are allocated.

The ex-president, who had been in seclusion since the Watergate scandal forced his resignation in August, 1974, started the day by touring the recently-reopened history museum.

He peppered guides with questions and kept up a steady good-humored banter as he viewed exhibits ranging from stone-age fossils to Ching dynasty figurines. (Reuters, AP)

Frelimo 'systematically torturing thousands'

LISBON. — A Portuguese released from a forced labour camp in Mozambique claims hundreds of Europeans and thousands of Africans are being systematically tortured and starved in a political reeducation campaign by the Frelimo government.

The reports of camps where Portuguese women were forced to bare their breasts and work in the fields like tribal Africans yesterday threatened Portugal with yet another controversy.

A group of Portuguese lawyers met with Foreign Ministry officials on Monday; they said numerous Portuguese, Africans and other Europeans were being held in the former Portuguese colony in inhumane conditions.

Portugal granted Mozambique independence last September, ending a brutal 10-year guerrilla war in that East African territory. The Portuguese pulled out after receiving guarantees from the Frelimo independence movement that the rights and property of Portuguese living in the former colony would be respected.

Since then, Frelimo has nationalized all homes and set up "popular courts" in a campaign to erase opposition to the regime.

The Portuguese lawyers said they were primarily interested in the prison conditions of the Portuguese, but that Africans held in the jails were treated much worse than the Europeans.

Most of those arrested were long-term settlers. The documents said some were arrested and beaten for minor traffic violations and that women were sent to labour camps as prostitutes because of curfew violations. (UPI)

Flag-napper jailed

DAR ES SALAAM. — A man who used Tanzania's national flag to cover himself while sleeping in a car has been jailed for one year, officials said yesterday. John Syridian, 45-year-old nightwatchman, was found guilty of showing disrespect for the flag. (Reuters)

'FBI spies on many, gets few results'

WASHINGTON. — U.S. Congressional auditors reported Monday that the FBI has achieved few tangible results in terms of criminal prosecutions and convictions in its investigations of thousands of so-called "extremists and subversives."

The General Accounting Office (GAO), which is the investigative arm of Congress, recommended tight new legislation to focus the FBI's domestic intelligence operations only on those groups likely to engage in violence.

These points were included in a 232-page final report on an audit of the FBI's activities, the most extensive review of current FBI spying ever conducted by an outside agency.

In only a few cases, the report said, has the FBI gained advance knowledge of imminent violent acts through its spying operations.

The GAO called Attorney General Edward R. Levi's proposed guidelines, restricting domestic intelligence-gathering, a step in the right direction, but said they aren't strict enough in some areas. The GAO said the restrictions should be accomplished through legislation rather than executive orders.

The GAO also suggested that the legislation should require the Attorney General or his deputy to review the cases annually to determine whether groups under investigation actually are violence-prone. (AP)

India bars jobs, aid to big families

NEW DELHI. — The Indian government yesterday published new family planning laws which will withhold public loans, jobs, housing and other benefits from couples with more than two children.

In a new drive to curb India's population explosion, which is growing at 13 million a year, such couples will not get municipal loans, free medical treatment, education allowances, public housing or government employment.

The new move coincided with reports that West Bengal may soon become the third state to make sterilisation compulsory for couples with three children. Informed sources said that under the West Bengal law, a husband or wife would have to be sterilized or fined and face possible imprisonment.

In the northern state of Punjab, people joining government service must sign an undertaking not to have more than two children.

Government leaders in the western state of Maharashtra said last week they were working on new laws which could give two-year jail sentences to parents with more than two children who refuse sterilisation.

On the incentive side in the New Delhi government package, civil servants who limit their family to one child will jump the queue for public housing, and rural districts with the maximum number of sterilisation cases in a year will be given priority for drinking water and irrigation facilities as well as more schools and health benefits. (Reuters)

Khaddam to consult with Assad Formation of Beirut cabinet postponed

POST Middle East Affairs Correspondent: Syrian Foreign Minister Abdul Halim Khaddam, who engineered an end to Lebanon's 10-month civil warfare, is facing difficulties in rallying political leaders into forming a new "national unity cabinet" under Premier Rashid Karami.

Beirut reports said yesterday that Khaddam was expected to leave Beirut, where he has been staying for some time, for Damascus consultations with Syrian President Hafez Assad.

Earlier yesterday, Beirut's authoritative "An-Nahar" said Premier Karami was expected to proclaim a new cabinet within a day or two. Indications were that Karami intended to exclude the leftists from his new cabinet. The leftists have been squabbling with the Christians over the latter's demand for the restoration of state

authority and sovereignty throughout Lebanon and for disarming the private leftist militias now in control of various Lebanese districts. The Christians' demands were a precondition to joining a new government.

In contrast to the "An-Nahar" report, Karami said last night that a new cabinet was unlikely to be announced until "an agreement is reached on a government in which all parties are represented." He said his present 67-man cabinet will continue to hold office and take all measures in Lebanon's interest.

The Lebanese Government yesterday decided to channel millions of dollars to commerce, industry and property owners with the aim of getting the country's war-ravaged economy moving again.

Tokyo police raid Lockheed offices

TOKYO. — Japanese police and tax officials yesterday raided the Lockheed Aircraft Corporation's branch office here in a search for evidence of illegal acts in the pay-offs scandal.

The office of Lockheed Aircraft (Asia) Limited was one of 28 corporate targets in a sweep by nearly 400 officers.

Police also searched the home of ultra-rightist Yoshio Kodama, the offices of the giant Marubeni Corporation, which is Lockheed's Japanese agent, and the homes of Marubeni officials.

Supt. Seitaro Asanuma of the National Police Agency said they were looking for evidence of tax evasion and violation of the foreign exchange trade control laws. There was no report on what was found in the searches.

Kodama, described by Lockheed officials in the U.S. as a secret consultant for them and recipient of millions of Lockheed dollars, was resting in his bedroom, behind bullet-proof windows, when his home was raided. Kodama's doctor said officials moved the bedding Kodama

was lying on in their search. Kodama was excused from parliamentary hearings on the Lockheed case last week on grounds he was convalescing from a recent stroke.

Reports from a U.S. Senate subcommittee said Lockheed spent more than \$12m. in Japan in "bribes and questionable payments."

Meanwhile in Athens, a Greek opposition leader called for a government inquiry into Lockheed activities in Greece. Andreas Papanastasiou, leader of the opposition Panhellenic Socialist Movement, said he wanted an inter-parliamentary committee to make the inquiry. It should examine all contracts signed with Lockheed during the seven-year military dictatorship, which ended in July 1974, and one signed by the present civilian government last November, he said.

The Defence Ministry in Greece has already said there is no evidence linking Greeks with the Lockheed payoffs, but press reports in Athens have alleged an unnamed general received \$500,000 during the dictatorship to look after Lockheed interests. (Reuters, AP)

Lisbon military urges elections in April

LISBON. — The military's revolutionary council yesterday urged President Francisco de Costa Gomes to officially set April 25 as the date for the nation's first legislative election in half-a-century.

The elections had been scheduled to take place by that date — the second anniversary of the bloodless coup that ended years of right-wing dictatorship in Portugal — but politicians had raised doubts about whether the constitution now being written would be completed in time to allow the balloting by then.

But before the council went into session Monday evening, spokesman Cdt. Rodrigo Sousa E Castro said political parties have agreed to the

details of a long-awaited accord marking a major transfer of power from the military to civilians.

The last difficulties were removed over the weekend and the signing of the platform of constitutional accord between the armed forces movement and parties should take place by today.

The power-sharing between the parties and the military spelled out in this pact will be woven into the constitution now being written and pave the way for its completion early this spring. The legislative elections will mark the first time in a century that the Portuguese have been able to go to the polls to freely elect the government. (UPI)

LEBANESE GUNMEN REMANDED

BEIRUT. — A Beirut magistrate yesterday remanded a Lebanese man and four of his Lebanese cousins on charges of carrying unlicensed weapons and holding 18 persons hostage at the Canadian Embassy in Beirut on Monday.

Judicial sources said Magistrate Zobeir Issa issued the remand order against Mohammed Haymour and 14 others, who surrendered to police after the eight-hour siege. Haymour, 44, told the magistrate that he intended to kill nobody and only wanted to get his four children by his Canadian wife brought to Lebanon from Canada.

Michel Ma'alouli, the Lebanese deputy who arranged the release of most of the hostages, said that Canada had agreed to send Haymour's children to Lebanon.

Canadian Charge d'Affaires Alan Sullivan, one of the hostages, was asked whether he had agreed to any concessions. He said: "I did what was necessary to ensure a satisfactory conclusion."

Ma'alouli said the fact that the hostages were held for less than 24 hours and that nobody was killed or injured were mitigating circumstances. He said this could mean that the gunmen would be given much lighter punishment than the maximum two years imprisonment, and even get suspended sentences. (Reuters, UPI)

Breakaway army leader is darling of Beirut leftists

By JONATHAN SHARP
BEKAA VALLEY, Lebanon. — "I am going to put an end to discrimination, injustice and inequality in Lebanon."

How? "By war, my friend."

Less than two months ago, the speaker was an unknown junior officer in the Lebanese armed forces. But since then Lieutenant Ahmed al-Khatib, an earnest, bushy-haired Moslem, has acquired a degree of notoriety which gives him at least some justification to indulge in high-sounding rhetoric.

Last month Lieutenant Khatib deserted from what he calls the "official" Lebanese army.

Together with fellow-mutineers, he set up what he calls the "Lebanese Arab Army," which has become a rallying point for disgruntled soldiery and an embarrassing headache for the Lebanese high command.

His complaint, a common one among Lebanese Moslems and left-wingers, was that the Lebanese army is dominated by Christian officers who favoured right-wing militia forces during Lebanon's nine-month civil war.

The Lebanese army command flatly denies it. But the fear that the sectarian sympathies of the troops might be the better of their military discipline was one reason why Lebanese Premier and Defence Minister Rashid Karami refused to use an army to stamp out the fighting.

The army command has sought to play down the lieutenant's mutiny, but his action has made him the darling of several Lebanese leftist leaders and, not political property in the little aftermath of the civil war.

This helps to explain why the army has made no move to arrest Khatib and his followers, even though commander-in-chief Kama Saeed said recently a formation of the rebel army was tantamount to national treason.

Interviewed at a "base" a few kilometers from the Beirut-Damascus highway in Lebanon's Bekaa valley, 34-year-old lieutenant — still wearing his army fatigues but without any rank insignia — gave no impression of being a fugitive.

"The official army can do nothing.

They are weak. They are afraid of attacking them," he said.

The base, one of eight which he says he has, was a walled farm compound owned by a wealthy landlord. There was only nominal security at the compound entrance, and inside about 30 soldiers lounged in the sun, some of them playing on a miniature merry-go-round doubtless once used by former owners' children.

Also in the compound were about 10 of the army vehicles commandeered by the army deserters. Now they have "Lebanese Arab Army" painted on them.

Despite the evident lack of a sense of urgency, the lieutenant's fledgling army has already acquired some of the trappings of a regular force, including its own "military secrets."

Two of these secrets are how big it is and how many armoured vehicles the deserting soldiers managed to purloin. Khatib disclosed only that the army has "hundreds" of members.

He said many more soldiers were anxious to join him, but he had urged them to stay at their posts because "I discovered that the official army is going to give up the

around and Algeria as being unnecessary. Officials indicted Polisario's recognition would plunge OAU — already split over Angola — into a crisis with Mauritania and other Moroccan supporters probably boycotting the organization, too.

The diplomatic tug-of-war coincided with a new round of consultations between Arab League General Secretary Mahmoud Riad and Hassan on how to settle the Sahara crisis and avoid more fighting between Morocco and Algeria. According to reports, Sudan has asked for the League's foreign ministers to meet this week to discuss the issue. (UPI, Reuters)

Italian workers strike

ROME. — Hundreds of thousands of workers protesting unemployment staged a 24-hour general strike yesterday in Rome and the surrounding Lazio region.

The walkout closed factories, schools, government offices, cinemas, theatres, stores and shops. It halted municipal transportation and many taxi drivers backed the strike. Airplane and train services were not affected.

Italy's three biggest labour unions called the strike to protest the Lazio region's high unemployment figure — 200,000, including 100,000 youths in search of their first job. Rome is Lazio's capital.

The strike came on the second day of a Senate confidence debate on Premier Aldo Moro's weak minority government. (UPI)

Iran's ex-naval chief jailed

TEHERAN. — Iran's former Navy Commander, Rear-Admiral Ramzi Abbas Ataie, has been sentenced to five years' jail here for accepting large sums of money from people doing business with the navy, an official statement said yesterday.

A military tribunal also gave similar sentences to Ataie's former deputy, Rear-Admiral Hassan Rafiei, and a civilian, Hormoz Dowlatshahi. They were among 14 people, 12 of them naval officers, sentenced to terms ranging from 13 months to five years on similar charges and ordered to repay a total of 3.6 million sterling.

Ataie was ordered to pay 258m. Rials (\$1.5m). Rafiei 25m. Rials (\$178,000) and Dowlatshahi 63.6m. Rials (\$466,000).

A Junior Navy Captain, Iraj Shafaei, was also to stand trial but committed suicide in his cell after making confessions, the statement said. (Reuters)

Rats terrorize Senegal

GENEVA. — Between 25 and 30 billion rats are terrorizing Senegal, devouring scarce food and spreading disease while resisting counterattacks with anything from flame-throwers to pesticides, the International Red Cross said yesterday.

It said the Senegalese Red Cross has exhausted its reserves fighting the rats and an appeal for help has been issued to Red Cross societies

around the world. More than 300,000 hectares of land are infested with the rats, the Red Cross said.

They are devouring seeds and have caused "a definite risk" of plague and yellow fever epidemics among some 150,000 people, mainly in villages where food is already scarce after years of drought, the Red Cross said. (UPI)

Pakistan wants French N-plant

WASHINGTON. — Pakistan is seeking to buy from France a nuclear processing facility that would enable it to produce weapons-grade material, presumably to counter the development of atomic weapons by India, the chief U.S. disarmament negotiator said on Monday.

Dr. Fred C. Ikle, director of the U.S. arms control and disarmament

agency, told the U.S. Senate foreign relations committee that Pakistan has no economic justification to procure such a facility.

"The reason is the iron law of nuclear proliferation," he said. "If one country confronting a principal adversary proceeds to develop a nuclear explosive, that principal adversary will try to do the same unless protected by a firm alliance to a nuclear power." (AP)

Yemen refuses Soviet aid

NEW YORK. — Yemen has refused to accept a shipload of Soviet tanks and Mig jets that arrived at the Red Sea port of Hodeida, thus making Moscow lose a round in its continuing effort to build footholds in the Middle East, according to "Newsweek."

The news weekly, in its current

issue, says Yemen's refusal came at the urging of Saudi Arabia, which promised to obtain weapons for Yemen from the west.

The Soviet freighter carrying the Russian arms, says "Newsweek," had to depart without unloading. (AP)

IN THE GOOD OLD DAYS...



"A GIANT with his hands tied," was how Shalom Shtrou, Director of Budgets, described the 1976 budget for 1977/78 tabled yesterday in the Knesset.

It is only a giant nominally. Inflation has necessitated a 25 per cent increase just to keep up with 1975. In real terms, the budget is actually smaller than last year's, writes POST Reporter Gidon Eshet.

This year's budget is an overblown giant. Inflation has necessitated a 25 per cent increase just to keep up. In real terms, the budget is actually smaller than last year's, writes POST Reporter Gidon Eshet.

A giant with hands tied

Total revenues are expected to reach IL2,500m. and a IL2,700m. gap is to be financed by printing additional currency. The budget is based on the assumption that prices will increase by 25 per cent during 1976. However, if they increase by more, said Shtrou, the ministries will just have to cut their spending.

This year's budget includes a new item called peak manpower — the maximum number of employees a ministry can hire. Total government employees will number 84,576 at the beginning of the new fiscal year and this number is to be reduced by 1,500 during the year. There are already 456 fewer State employees than in 1975.

Expenditure

THE DEFENCE BUDGET

The total defence budget for 1976/77 is IL2,300m. (not including expenditures on civilian defence and territories) compared with IL2,300m. in 1975. About IL1,500m. is for use within Israel and the rest for purchases abroad.

The main aims of the Defence Ministry as defined in the budget are:

- To incorporate the new equipment to be received through U.S. financing.
- To build the strength of the defence forces in line with the lessons of the 1973 war.
- To continue the training programme.

The ministry will continue to purchase goods from local producers and will try to establish industries capable of production for defence. However, due to the economic situation, the level of standards will be reduced.

The Defence Ministry will not add new camps during 1976. Its construction budget of IL2,000m. will be used to improve existing camps and to build emergency storerooms for the new equipment. Reservists will spend a smaller amount of time in service as in 1975. In 1976 the share of defence spending in the State budget will decline slightly, from 40 per cent in 1975 to 38 per cent in 1976.

MUNICIPALITIES

Local authorities will increase their rates by 60 per cent as a result of the government decision to cut 250m. from their budgets. These measures are in accord with the decision that the government would only participate in 75 per cent of the municipalities' compulsory services and 50 per cent of their non-compulsory services. The total expenditures and revenues of municipalities will be IL6,600m.

EDUCATION

The total budget for education, higher and higher education will be IL1,250m., of which more than IL1,000m. will be given to the universities. The net budget is about two per cent higher than that of 1975, but after deducting the new IL120m. social welfare programme — the remainder is two per cent lower. As in other government services, a charge to the public will increase for kindergartens, high schools and teachers' seminars.

The share of education in the State budget has declined in the last few years. In 1964 it was 9.3 per cent and in 1976 it will be 5.3 per cent. It is also true after eliminating defence expenditures from the calculations.

No schools will be built in 1976. The development budget will be used to complete construction of schools started in previous years. Although no definite decision has been made, university tuition fees will be either IL6,000-7,000 for students or there will be a grant.

duated tuition fee with a maximum of IL10,000. The fee is being negotiated between the universities and the students' unions.

LABOUR

The budget of the Labour Ministry will increase by 25 per cent compared with 1975, constituting a real increase of 10 per cent.

The spending will concentrate on retraining the 56,000 unemployed persons expected this year. A large allocation is to be granted to prevent unemployed residents of development towns from leaving. Some 90 per cent of this ministry's budget of IL285m. will be used for these purposes.

HEALTH SERVICES

Due to the decline in government participation in the sick fund budgets, the health service rates will increase considerably by April 1.

The allocation of IL1,600m. is to cover government financing of care for the chronically ill and psychiatric wards. Care for others will be paid for by the sick funds which will therefore have to increase their rates.

Welfare recipients, the disabled and the elderly will have their health bills financed by the government.

SOCIAL WELFARE

The budget of the Social Welfare Ministry will be IL800m. in 1976 of which IL100m. will be devoted to development.

The number of those receiving a guaranteed income from the Welfare Ministry will decline in 1976 in line with the policy of passing this task over to National Insurance. Another 3,000 children will be added to those who enjoy day care centres and the development budget will be used to build such centres in 1976.

National Insurance payments will increase by more than two per cent in 1976. The ceiling of income for which payments are due will rise from IL3,700 per month to IL5,000.

HOUSING

A sharp decline in new building starts for dwellings on the part of the public sector will cast its shadow on the housing situation in 1976. The government will build only 15,000 new apartments while the private sector is expected to build a similar number. The total of new apartments will be 15,000 less than in 1975.

The ministry's budget has been reduced from IL3,300m. in 1975 to IL3,000m. in 1976. "In real terms the decline is considerable," said Shtrou.

The reasons for this change are:

the need to transfer manpower from construction to export industries, together with a decline in immigration. Some 24,000 new immigrants are expected in 1976 but an emigration of 16,000 is anticipated.

IMMIGRANT ABSORPTION

From the 1967 war up to the end of 1975 some 100,000 persons immigrated from the Soviet Union. However, while the figure for 1973 was about 40,000 immigrants, it dropped in 1975 to only 8,500.

About 50 per cent of the 24,000 new immigrants anticipated are expected to come from Eastern Europe, 15 per cent from North America and Oceania and 13 per cent from Western Europe.

The budget allocates IL66m. for the absorption of new immigrants. A similar nominal sum was budgeted in 1975.

AGRICULTURE

The Ministry of Agriculture will use most of its IL470m. development budget to finance investments in agricultural export crops. The Ministry will also invest in a new pipeline from A Tur to Sharm e-Sheikh, build a power station there and recycle garbage.

The total budget stands at IL900m. and another IL260m. are allocated for improving the water system. The 1975 budget stood at IL670m.

INDUSTRY AND EXPORT INCENTIVES

The government will continue the development of industrial centres in Ramat Hovav (Negev), Tefen (Western Galilee), Givat Hamehuran (Western Galilee), Lavi (Lower Galilee), Dovrat (Northern Negev) and Masia Hadumin near Jerusalem.

For these and other purposes, the Ministry was allocated IL1,320m. compared with IL1,300m. in 1975. This will help to finance investments of about IL3,500m., a 25 per cent decline compared with 1975.

In a drive to expand industrial exports by 15 per cent during 1976, the budget for export incentives has been increased by about 50 per cent to cover IL4,000m.

Direct export incentives will be increased by 18 agora per dollar from April 1, and tax refunds approved under the law for the encouragement of capital investments will be made. These measures are expected to raise the profitability of exports which increased by three per cent in 1975.

Exporters with the highest value added rate will receive more than IL9 per dollar from April 1 and this will rise with every devaluation.

TOURISM

The current year has been declared "Jewish Pilgrimage Year." About half a million Jews are expected to visit Israel together with 300,000 other tourists. In 1975 some 600,000 tourists came to Israel.

To promote tourism and other activities the Tourism Ministry has been allocated a budget of IL33m. compared with IL24m. in 1975.

In order to minimize inflation and to limit the number of hotels, most of them with less than 50 per cent capacity in use, the Treasury has decided to increase the interest it charges on loans for new hotel construction to about 17.5 per cent.

TRANSPORT AND ROADS

Very few new transport projects will be started in 1976. A new road to the Tefen industrial complex, a road from Yagur to Tamra (for the use of the Nesher cement factory) and the completion of the railway from Oran to Hor-Hahar are those mentioned in the budget book.

The transport and road budgets will amount to IL344m. in 1976.

DEBT PAYMENTS

The State of Israel will repay domestic and foreign debts in the sum of IL18,000m. If the prices increase by more than 25 per cent, debt payments linked to the index will increase accordingly. More than half of the payments (IL10,000m., compared with IL7,000m. in 1975) are earmarked for redeeming government-linked bonds. In the last few years, domestic debt payments have increased by 30 per cent annually, as a result of the large price hikes since the 1973 war.

The remaining sum of IL8,000m. is for foreign debt payments, compared with IL4,500m. in 1975. The increase is a result of the changes in the rate of exchange.

Revenue

GOVERNMENT REVENUES in the budget are estimated at IL2,500m. of which IL1,400m. will come from taxes. IL3,300m. from the sale of linked bonds and about IL23,000m. is expected in foreign currency.

The total taxation imposed on Israelis amounts to 70.5 per cent of the national income and about 55 per cent of the Gross National Product. This is a world record. Sweden, in second place, finances 43 per cent of its GNP from taxes. The U.S. occupies the 15th place on the list with 29 per cent of its GNP in taxes.

THREE NEW TAXES

During 1976 Israelis will pay three new taxes. The Value Added Tax (which will bring in some IL2,500m. net revenue), the 1.5 per cent tax on "trade in bonds and Natat (IL70m.); and the 15 per cent tax on imports of services (IL350m.).

With the implementation of V.A.T. probably in June, the tax on cinema tickets will be abolished and the rates of purchase tax and the defence stamp tax will be reduced. However, purchase tax on luxury items will remain at its present level.

STICK AND CARROT

A stick and carrot method will be used to collect these taxes, according to Moshe Neuberger, Commissioner of Internal Revenue. The carrot, for those who keep books according to the law, is lower tax rates and lower tax reductions at source. The stick, for those who do not keep books, means no benefits as well as prosecution by the law.

About 100,000 self-employed — about 50 per cent of the total — will have to file capital declarations (on property, shares, bonds etc.) together with their income declarations for 1975. This measure will also enable the tax authorities to collect estimated revenues.

Neuberger said that the Treasury intends to table a law by which tax evasion will be a criminal offence. At the present only non-payment of tax at source is a criminal offence.

During 1976 the share of taxes paid by wage earners will continue to decline. While in 1973 wage earners paid 42 per cent of the taxes, their share in 1976 will drop to 30 per cent.

As a journalist, Mr. Gafny rose to his feet. "We cannot reduce the defence allocation further," he declared, "because according to the military authorities, the safety of the country would be at risk."

"As to civilian expenditure, we have sliced that to the limit. If we cut any more from the investment projects or the social services, we shall imperil the welfare of the nation. It would mean slower economic growth and bigger unemployment," he warned solemnly.

Mr. Shalom Shtrou, Director of the Treasury's Budget Division, stressed how hard it is to slice Government expenditure further. "A special after-school programme was launched by the Education Ministry last September. It cost IL60m. (bill March 31). To continue it without change for a full financial year will cost IL120m.," he pointed out.

The Government's housing programme will be halved in 1976. "That is to save us IL1,500m.; but only IL200m.-300m. of the benefit will be felt in the budget before us. The main economy will be felt in 1977."

One thing Gafny was pleased about, that this budget contains a bigger safety margin than its predecessors. "We took into account the expected devaluations, which was not done in 1975. And we have put aside sizeable financial reserves. The balances, which are not earmarked and are available for any eventually, top IL2,000m.," he said.

"What about your forgotten IL500m.?" one newsmen enquired. (This refers to an item of debt repayment that was entered at the last minute.)

"There is a reserve inside the debt-payment budget to cover that," Gafny assured his questioner.

Planning for the next five years

By DAVID KRIVINE, Jerusalem Post Economic Correspondent

ISRAEL'S Gross National Product (GNP) will be frozen for the second year in succession, according to the National Budget for 1976. So will private consumption and imports. But exports, which scarcely grew in 1975, will start to climb from around \$4,000m. to \$4,500m. — a rise (at constant prices) of eight per cent.

Since no advance is envisaged in economic output, resources for export must come at the expense of the local market. Investment will fall by seven per cent or IL1,700m. (mainly in housing), while public sector expenditure is to diminish by IL1,300m. These two sources together should liberate IL3,000m. enough to supply an extra IL2,200m. of goods and services for export.

A Five Year Plan, released together with the National Budget yesterday, shows the result of the current re-structuring in the longer future. The GNP will rise as follows (per cent):

1977	3.3
1978	5.5
1979	7.2
1980	8.3

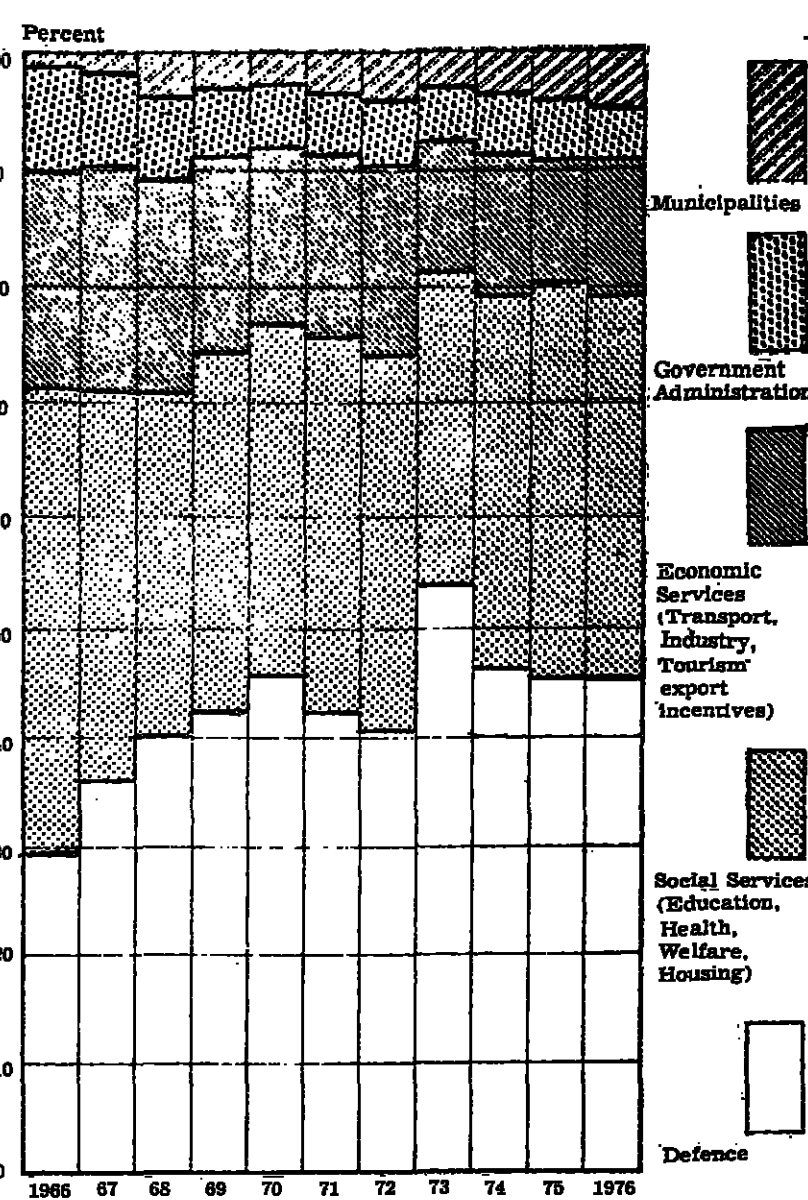
Private consumption will remain blocked till the end of the decade, thanks in part to a steadily increasing tax burden, up from just over 30 per cent of the GNP last year to almost 50 per cent in 1980. These measures will make it possible to narrow the trade gap from \$3,900m. in 1975 to \$2,300m. The account is on exports, due to rise by 11.13 per cent annually.

The trade deficit in the present year 1976 will decrease by \$225m. This falls short of the target originally set of a \$300m. saving per annum. Capital imports will be sufficient, however, to bridge the gap, leaving the reserves unchanged at just over \$1,000m.

An important part of the capital inflow derives from U.S. aid, which amounts to a grant of \$1,300m. and a loan of \$1,000m. On the other hand, \$1,400m. of Israel's foreign-currency outlay goes to servicing the external debt — due to reach \$9,000m. by the end of the year.

The most important change taking place during the present economic standstill is a shift of resources to growth industries. According to Ephraim Dovrat, the Treasury's economic adviser, employment in metals, machinery and chemicals rose last year by six per cent, while exports in these sectors shot up (at current prices) by 33 per cent.

But food, textiles, footwear, wood, rubber, printing and other consumer-goods branches serving mainly the domestic market shrank, employing five per cent less labour and supplying seven per cent less exports. Mr.



Government and National Insurance expenditures over the past decade

Dovrat foresees a continuation of the same opposing trends this year, between export-centred industries booked for expansion, and domestic market industries which will be marking time.

The importance of ensuring a flow of labour from non-growth to growth industries was stressed yesterday by spokesmen of the Treasury and the Bank of Israel in Jerusalem. The aim is to earn more dollars; any failure to do so must cause unemployment. Dr. Simcha Landau, head of the Treasury's Economic Planning Authority, pointed out that the dependence on foreign grants and loans will continue for some time, as Israel gradually steps up its foreign-currency earnings. The country will still be needing close to \$2,500m. of money from abroad in 1980.

The economic plan states in fact that "The prediction of capital imports is, if anything, optimistic, which means that employment predictions are optimistic too." Pressed on this point, Dr. Landau observed that every \$100m. shortfall in the availability of foreign currency will spell an extra 12,000 unemployed.

Unemployment will rise this year from 37,000 (a full-employment figure) to 56,000.

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A call to arms against next year's deficit

Jerusalem Post Economic Correspondent
"WHAT WILL next year's state deficit be? This was the issue of interest at a press briefing Sunday at the Jerusalem Press on the budget estimates for 76/77.

It is an important question, because the extent of Government spending will determine whether the battle against inflation and the trade deficit is to succeed, treasury Director-General Arnon Day's answer was indecisive. "We see a number of uncertainties," he said; but he noted the Cabinet had this week to set a limit on monthly expenditure (one-fifth of the yearly budget allocation during each of the first three months, and one-twelfth per month after that, with a Cabinet review of the nation in August).

After hard bargaining with each ministry, the Treasury managed to

limit the excess of State expenditure over revenue in the coming fiscal year to IL3,000m., Gafny stated.

That raises the local-currency budget deficit to IL4,200m. There is also an overlap of expenditure from 1975, of IL2,000m., though it must be expected that this will be passed on again into 1977.

Revenues are estimated to include IL5,500m. from the sale of Government bonds. Will the target be reached? Wages in public services are tied to remain frozen. Will that happen?

The budget presumes that official

salary scales will stay put. All that is provided for is cost-of-living allowances and the "wage creep" (promotions, seniority and the like). These two items together will push up the Government's wage bill by as much as 25 per cent. But prices are predicted to rise by 32 per cent, so civil servants' earnings will sag slightly in real terms — unless they (like the production workers) put in for a pay rise.

Another danger is that prices may go up by even more than the scheduled 32 per cent. It seems a large figure already, but half of it, 16 per cent, is to result from the Treasury's own price-boosting measures — the Value-Added-Tax, a cut in subsidies and the planned monthly mini-devaluations. So a substantial price hike can be expected.

Mr. Gafny did not discuss what will happen if the pay-scales of Government employees is pushed up; but concerning prices, he said flatly, "any increase above the index-rise predicted will have to be absorbed by the Government departments, who must make do with the budgets they have."

At this point a question burst forth. "Why couldn't the original deficit of IL3,000m. have been eliminated?" The interpellation came from no less than Dr. Ya'acov Arnon, a former Director-General of the Treasury — this time attending



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Making it unattractive to stay away from work

By YAA'COV FRIEDLER
Jerusalem Post Reporter

HAIFA — Workers who are out of work because they are sick or suffering from work accidents will get less compensation in the future, Moshe Goldwasser of the Productivity Institute told a conference on manpower productivity last week.

He said that in an effort to cut the high rate of absenteeism, insurance companies will cover sick leave from the 12th day (instead of the seventh as is presently the case). Compensation for loss of work due to work accidents will begin on the seventh day (instead of the first).

The Institute has also reached agreement with the Sick Funds to change procedures for the issue of sick certificates, one of the most popular ways of getting a day off. Physicians are to be reminded of the damage to the economy caused by issuing certificates to workers who are fit for work.

The Army, too, has agreed that wherever possible, reservists should be called only after five p.m. for routine check-up reports. Wider use is to be made of the telephone to settle queries regarding men in the reserves. The courts will also hear witnesses in the afternoon.

Goldwasser said that, according to an Institute estimate, tens of millions of work days are lost because of absenteeism in Israel every year. Of these, eight to nine million stem from unjustifiable reasons. He found that, in many cases, bad management was one of the main causes, and noted that only a small minority of workers were the principal offenders.

A study made in 44 plants, employing a total of 80,000 workers, showed that 24 per cent of the workers were responsible for 60 per cent of the absenteeism, and that the young workers, under the age of 35, were the most frequently absent. The study, presented by Zvi

Yogev of the Institute, also revealed that absenteeism was lowest in plants where management showed concern, took a negative attitude to absenteeism, and checked each case.

Another study, on productivity, presented by the Institute director, Yisrael Midan, showed that output per man hour had for the first time gone down in 1975, by 3.8 per cent. This followed six years of increased output, of between four to 8.4 per cent. The reason for the decline, according to Mr. Midan, was that the G.N.P. had declined by 1.8 per cent while hours worked had gone up by 1.9 per cent.

Labour Minister Moshe Bar-Am, who addressed the conference, stressed the responsibility of management for bad work habits. He also noted that thousands of students were taking university courses, at the government's expense, in subjects that were of no use on the labour market. As a result, on graduation many of them had to be retrained for jobs, once again at the government's expense. He noted that, while the country suffered from a shortage of 1,000 trained social workers, the universities are full of young men and women studying law, though there is no shortage at all of lawyers.

However, one of the participants, a young Bank Leumi personnel official, complained that the lectures, organized by the Technion's Industrial and Management Engineering Faculty and the Productivity Institute, had been too academic and boring with too little practical value.

"If you look round you'll see that half the (500) participants who were here during the morning session are now absentees," he noted. He defended the absenteeism of the young workers who, he said, had the most to arrange: such as buying flats, registering children for kindergarten and school registration, etc. and the government offices were open only during the mornings.

INSURING SAFE DEPOSIT BOXES

By YITZHAK OKED
Jerusalem Post Reporter

TEL AVIV. — On Friday, January 30, a report on the problems of insuring safe deposit boxes reached the desk of every bank manager in Israel — that weekend thieves broke into the vault of the Barclays Discount Bank in Ramat Gan, looting the contents of 200 safe deposit boxes.

"I felt very uneasy," said Professor Yehuda Shenhav, director of the Richard Centre for Higher Studies and Research in Insurance and author of the report, "trying to explain that I had no connection with the robbery." Professor Shenhav was speaking at a news conference here this week on safe deposit insurance.

But the heist, followed by an even more spectacular robbery of safe deposit boxes in Beirut afterwards, had at least one good result, he noted. It made the banks sit up and take notice of the fact that the contents of the safe deposit boxes ought to be insured. A questionnaire from the Bank of Israel on the same subject elicited hardly any interest from the banks.

The problem lies in the fact that many of those who rent the safe deposit boxes don't want the bank managers or any one else to know what is inside. The robbed contents of the Barclays Discount Bank vaults reportedly included hundreds of millions of pounds worth of "strong" money, foreign currency, and valuables such as diamonds, gold and bearer bonds. So far, the police have not offered immunity to the robbed safe deposit box holders for any infringement of the foreign currency or tax laws.

However, Professor Shenhav held out hope for would-be box holders. He said that in the future insurance companies would be willing to insure

the contents of the safes sight unseen. One company even expressed a willingness to insure the contents of each safe deposit box for up to IL15m., he said.

Shenhav said that his research showed that a reasonable premium for goods in a safe deposit box should be from 0.5 to two per cent of the value (which the client and the company would have to agree upon). Thus if the agreed value was IL100,000, the insurance would cost from IL50 to IL200 a year.

The better protected the bank, the lower the insurance premium, he said. (In the Ramat Gan bank, the window containing the air-conditioner — through which the thieves are believed to have entered — was not linked up with the burglar alarm system.)

Professor Shenhav also noted that authorities are divided as to the extent of a bank's responsibility to the box holders. But, he noted, if a bank can be proved to have been negligent, it has to compensate those hurt, even if it did not know exactly what was in the boxes.

He noted that a bank could insure the entire contents of all its safe deposit boxes, or each client could take out individual insurance if he wished.

The press conference was held to mark today's Second Annual Conference on Insurance Topics in Memory of Dr. M.W. Shihard. Today's main speaker will be Professor Robert Mehr of the University of Illinois whose topic will be No-Fault Insurance.



Russian gold coin rival undermines Kruger Rand

Special to The Jerusalem Post

BONN. — South Africa's enormous commercial success with the marketing of gold Kruger Rands has been undermined in West Germany by the appearance of a rival Russian coin, the 10-rouble gold piece called Chervonetz.

The Russian coin, containing 7.742 grams of gold is about one-quarter the size of the Kruger Rand, which weighs one Troy ounce or 31.1035 grams. But the Chervonetz is hitting hard at sales of the South African coin because unlike the Rand it can be sold without adding sales tax. Gram for gram its gold content is thus cheaper to buy.

Tax is escaped because the Russians claim that the coin is legal tender, not a gold object or artifact. The exchange rate of a foreign currency contains no element of added value and therefore sales of the coin are exempt from tax just as are sales of dollar and sterling notes.

The South African Kruger Rand is sought by coin collectors, gold speculators and those seeking a hedge against inflation. Now the Chervonetz has become a highly competitive source of the same security. The Kruger Rand is minted especially for commercial sale and has never been legal tender, or claimed to be such, in the Union of South Africa. Its price depends on the price of gold.

The Russian coin bears the words "one Chervonetz" and "1975" on one side around a relief of a Soviet worker with smoking factory chimneys in the background. The obverse side bears the inscription "workers of the world unite" around a hammer

and sickle.

"Chervonetz" means "ten roubles" and "gold coin" and is possibly best translated as "guinea."

Sales of the Chervonetz have been by the appearance of a rival Russian coin, the 10-rouble gold piece called Chervonetz.

West German coin dealers, particularly those specializing in Kruger Rands, are pressing the government to ban untaxed sales of Chervonetz on the grounds that it is not really legal tender. They say the gold coins cannot be held by any Soviet citizen, so that it could only be claimed "legal tender" for foreigners, yet even so, no foreigner could spend the coin in Soviet shops. It could only be exchanged for 10 roubles in notes at the Soviet State Bank. Dealers contend this is not enough to substantiate it as a legal tender.

However, a spokesman for the West German Finance Ministry, Walter Frax, is on record as saying: "If a country declares 'this coin is legal tender' then we must accept that or change our law."

The reason for the agitation among dealers is that the Chervonetz is lowering the price of the Kruger Rand. The tax-free Chervonetz costs 84.75 marks and has driven the price of the Kruger Rand down from 395 marks to 330 marks. Buyers are only interested in getting the gold content at the cheapest price.

Indeed, every available Russian coin has been bought up but the distributors are confident that more are on the way and that they will continue to be sold at a discount compared with other foreign gold coins. (WFS)

World's highest per capita debt

Jerusalem Post Reporter

TEL AVIV. — "The foreign per capita debt has risen to over \$2,500 for each man, woman and child in Israel," the Governor of the Bank of Israel, Moshe Shabar, last week told the Israel-America Chamber of Commerce.

The debt, which totals \$7,500m., is the highest per capita figure in the world. From 1972 to 1975 the foreign debt increased at a much faster rate than the gross national product, he warned, heightening Israel's dependence on other countries.

Shabar expressed his hope that during the coming year there would be no increase in the real wages in services. He pointed out that although the total number of employees rose by 20,000 in the last two years, the increase was 40,000 in the service and banking fields.

Revival hurts Treasury plans

By GIDION ESHET
Jerusalem Post Economic Reporter

ECONOMIC ACTIVITY tended to revive in the last few months, thus hindering the Treasury's long-range goals, a study by the Bank of Israel revealed recently.

The main sources of the increase in activity are:

- The reform in income tax which increased the net income of the public.
- The monetary expansion created by government printing of money IL2,000m. worth of currency in the last quarter of 1975 after injecting IL1,300m. in the third quarter.
- The increase in real terms of exports after a decline in the first half of 1975.

The government expansion policy, says the study, harmed the long-range targets of the economic policy, which is aimed at reducing

domestic demand and diverting resources to exports.

The main reason for the increase in exports is the revival of the world markets. But the profitability of exports increased slowly during 1975 and even decreased in the third quarter.

The monetary expansionist policy of the government did not increase the amount of money in circulation because the surplus money was used to increase purchases of foreign currency by the public. The two are dependent, says the study. Without the monetary policy of printing money the public could not have bought all the foreign currency it did.

The study complains that the tools to regulate monetary expansion, available to the Bank of Israel, are insufficient to curb the negative outcomes of the government

IL 100,000 for design grants

Jerusalem Post Reporter

TEL AVIV. — The Israel Design Centre has just earmarked IL100,000 for grants for the fiscal year ending April 1, 1976, and another IL350,000 for the next fiscal year, Mr. Meir Ben-Zvi, director general of the centre, announced recently. Since the grant money for this year was received so late from the Ministry of Commerce and Industry, it will be transferred to the 1976/77 fiscal year if not awarded this year.

Mr. Ben-Zvi noted that in the past three years the centre has awarded IL100,000 to 30 designers who produced original items for their employers, 20 of which were placed on the market. These include designs in the field of electronics, scales, jewellery, grills, cigarette lighters, refrigerators, medical instruments, bottles, and even computers.

The centre is also handling a IL200,000 fund for the Ministry of Commerce and Industry, to induce furniture makers to produce original designs. He remarked that this fund had had few takers, since most Israeli furniture makers preferred to copy designs (like the famed "Danish") from abroad, and not bother about producing original ideas. This is encouraged by the local Israeli market.

Foreign ships carry most exports

A suggestion that preference be granted to Israeli flag vessels in shipping Israel cargoes has been made by Transport Minister Gad Ya'acobi to the Finance, Commerce and Industry, and Agriculture Ministers.

Ya'acobi said most Israel exports — including citrus — are leaving in foreign bottoms than in Israeli ships, which, he added, is hard hit by the recession anyway. He also advised that the policy of Israeli and foreign interests in hiring tankers for fuel import be re-examined.

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Tuesday, Feb. 24 (3 p.m., before closing)

Stocks hold gains

NEW YORK. — Stocks are holding strong gain but have stalled in their advance.

The Dow Jones industrial average is ahead about 10 points in the 24 hour and almost twice as many issues have gained as declined.

The following is a selected list of prices at 3 p.m.

Alcoa Chemical	44 1/4	Union Carbide	76 1/4
Aluminum Co.	49 3/4	United Technologies	57 1/4
American Brands	43	U.S. Steel	81 1/4
American Can	34 1/4	Westinghouse Elec.	17 1/4
American Tel and Tel	58 1/4	Woolworth	24 1/4
Anacosta	19 1/4	Avon Prod.	25 1/4
Bethlehem Steel	45 1/4	Boeing	30 1/4
Chrysler	16 1/4	Boise Cascade	32 1/4
Dupont	157 1/4	Citicorp	25 1/4
Eastman Kodak	111 1/4	Control Data	62 1/4
Essex Inc.	37 1/4	Disney	24 1/4
Exxon	39 1/4	Dome Mines	45 1/4
General Electric	54 1/4	Fairchild Camera	44 1/4
General Foods	29 1/4	General Dynamics	26 1/4
General Motors	65 1/4	IBM	29 1/4
Goodyear	22 1/4	Int. Tel. Tel.	15 1/4
Inter. Harvester	27 1/4	LTV Corp.	15 1/4
Inter. Nickel	32 1/4	McDonalds	63 1/4
Inter. Paper	77 1/4	Natl. Semiconductor	52 1/4
Johns-Manville	29 1/4	NCR Corp.	29 1/4
Owens-Illinois	61 1/4	Polaroid	40 1/4
Proctor and Gamble	88	Rockwell	26 1/4
Sears Roebuck	71 1/4	Spartan Rand	47 1/4
Standard Oil of Calif.	30 1/4	Syntex	33 1/4
Texaco	25 1/4	Xerox	67

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Plots are offered on long-term leases for the construction of workshops and industrial structures. Details as follows:

Tender Number	Location	Area, sq.m.
49/75/1a	Gan Yavneh	3678
50/75/1a	Gan Yavneh	5081
51/75/1a	Kiryat Akron	1622
52/75/1a	Natanya	1042
53/75/1a	Hod Hasharon	11,950
54/75/1a	Rohovot	5780

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Last date for submitting requests for a recommendation from the Ministry of Commerce and Industry: March 22, 1976.

Last date for submitting applications for plots: April 22, 1976 (12 noon).

No undertaking is given to accept the highest or any bid.

	Unit Price	Redemption Price
ZAMID	289.5	288.46
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PIA	311.6	308.9
YIGDAL	148.6	145.0
TOPAZ	108.04	105.3
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Tender No.	Location	Block	Parcel	Approx. area in sq.m.
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"	"	10208	28	1258
"	"	10215	123	1004
"	"	10215	124	1004
"	"	10215	125	1004
"	"	10215	126	1004
10/76/1a	Kiryat Tikva	10222	214	1286
"	"	10222	215	1286
"	"	10222	216	1286

Details, sample agreements, and application forms can be obtained at our Haifa office, 13 Derech Ha'atzma'ut, during normal working hours. Last date for submitting bids: March 29, 1976 (12 noon). No undertaking is given to accept the highest or any bid.

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